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Hong Kong

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General

Reportage on Nonaligned Conference in Nicosia

Updated Strategy Favored

OW1109081888 Beijing XINHUA in English
0648 GMT 11 Sep 88

[By Yu Yuanjiang and Zhang Shengping]

[Text] Nicosia, September 11 (XINHUA)—The foreign ministers' conference [words indistinct] Nonaligned Movement (NAM) today called for a updated NAM strategy to keep abreast with the changing world situation.

The "Nicosia Declaration" adopted at the closing session says that the Nicosia conference is of particular significance because it was convened at a time of positive developments on many fronts with far-reaching consequences and repercussions.

The declaration cites developments as the recent rapprochement between the United States and the Soviet Union, and the progress achieved in their disarmament negotiations.

However, it points out that violence and conflicts still exist and threaten to jeopardize the progress.

In the current circumstances, the NAM will intensify its dialogue with all groupings on key factors in international relations, and actively participate in the search for solutions to all outstanding international problems.

The movement is determined to face the challenges of peace, security, disarmament and development and bring about necessary reforms and adjustments to the NAM strategy, the declaration said.

The prevailing climate requires the NAM members to formulate an appropriate strategy so as to make a greater contribution to the ongoing search for solutions to regional and global problems, the declaration notes.

It says that the responsibility for the future of mankind cannot be left to a limited number of countries. If the current detente is to lead to a lasting global peace, it has to become wide in scope, content and participation.

As a global, independent and active force, the NAM has to adjust its strategy to suit present international realities and to respond to any new challenges, it adds.

Despite the amelioration in the international political field, the global economic prospect remains uncertain and gloomy and the polarization between the developed and developing countries is being accentuated, the declaration notes.

It calls for continued efforts to "establish a new international economic order," and closer cooperation among the NAM countries so as to stimulate their economic growth, achieve collective self-reliance and enhance their countervailing power in international negotiations.

Reordered Economy Urged

OW1109082588 Beijing XINHUA in English
0249 GMT 11 Sep 88

[Text] Nicosia, September 10 (XINHUA)—Foreign ministers of the Nonaligned countries today called for an urgent restructuring of the international economic system.

In a 43-page declaration adopted at the end of their eighth ministerial conference here this evening, the foreign ministers reaffirmed their commitment to the establishment of a new international economic order based on equality, justice, equity, mutual interest and benefit for all nations.

The ministers expressed concern over the prolonged international economic crisis. That crisis has had adverse consequences for the economic development of the nonaligned and other developing countries, the ministers said, and has sharply deteriorated international economic cooperation.

They also said that the crisis originated because of structural inequalities and inadequacies of the international economic system.

The ministers stressed that the continuing adverse economic situation underlined the urgent need to establish a just, equitable and growth-conducive world economic system by fundamentally adjusting the structure of the system to promote world economic growth and development, especially in the developing countries.

Regarding the strategy for international economic negotiations, the ministers said that in a rapidly changing and increasingly interdependent world, it is in the interest of all states to negotiate within the framework of the United Nations and other international institutions. And they called upon the developed countries to renew the North-South economic dialogue.

They stressed that the success of multilateral negotiations depends upon the ability of the developing countries to bargain collectively. This will enhance their negotiating power and increase their development opportunities. The ministers also saw the need for the Nonaligned and other developing countries to agree on unified positions on the key interrelated issues of money, finance, foreign debt, trade and development.

The ministers said that the developing world's debt is a formidable obstacle to its economic and social development. The total foreign debt of these countries surpassed [numeral indistinct] billion U.S. dollars by the end of

1987. Debt service remains high and unsustainable, interest rates have been increasing and export income diminished. At the same time, a net outflow of resources has forced an increasing number of developing countries to suspend their debt payments or to go into arrears. The foreign debt issue also has caused grave political and social problems in some developing countries.

The ministers emphasized the need for sustained dialogue to improve the economies of the developing countries. This dialogue should be based on the principle of shared responsibility and the right of each country to define its economic policy and allocation of resources for investment and consumption, they said.

The ministers noted that the products exported by developing countries continued to be characterized by market instability, a sharp and continuous decline in prices, lack of access to markets in the developed countries, an upsurge of protectionism, unfair competition due to subsidized exports by developed countries, and the decisive price-setting by transnational corporations by virtue of their control of the main markets.

The ministers expressed deep concern over the declining export prices and the worsening trade terms, which had accentuated balance-of-payments difficulties and led to a reverse transfer of resources.

Negotiating comprehensive trade safeguards should be given the highest priority, the Nonaligned ministers said. They emphasized the need to preserve the basic concept of non-discrimination that the GATT (General Agreement on Tariffs and Trade) has enshrined in the understanding on safeguards. And they appealed to the world community to continue supporting the developing world's attempts to achieve self-sufficiency in food production.

The ministers also reaffirmed the Nonaligned Movement's commitment to self-reliant economic development as an indispensable and integral part of the developing countries' efforts to restructure international economic relations and establish a new international economic order.

XINHUA Commentary

OW1109142688 Beijing XINHUA in English
1256 GMT 11 Sep 88

["Commentary: New Starting Point, but Heavy Tasks for Nonaligned Movement" —XINHUA headline]

[Text] Nicosia, September 11 (XINHUA)—The four-day foreign ministers' conference of the Nonaligned Movement (NAM) that closed here early Sunday morning may serve as a new starting point for the 101-member movement. But it may also have given too heavy tasks for the undisciplined organization.

In addition to a political declaration and an economic declaration as usual, this conference adopted a special document called the "Nicosia Declaration."

The additional document stated that the movement would upgrade its strategy to fit in with the new climate of improved international relations characterized by the recent rapprochement between the two superpowers, the United States and the Soviet Union. Thus, the movement could play a more active and decisive role in solving regional and global problems.

The Nicosia Declaration deserves due attention, in view of the fact that 698 delegates from 95 of the 101 members of the movement participated in the Nicosia conference, including 73 foreign ministers and ministers of state, the highest number ever to a NAM ministerial conference. It showed the desire of the Nonaligned countries for democratization of the international relations and their determination to play a bigger role in the international arena.

For years, the two superpowers and their allies have played a dominant role in dealing with regional and global issues. Meanwhile, the Nonaligned Movement, which was founded in 1961 to become a strong force neutral to both the East and West, seems to have weakened after the death of the three major founders of the organization—Josip Broz Tito, Jawaharlal Nehru and Jamal 'Abd al-Nasir, former leaders of Yugoslavia, India and Egypt. The quick expansion of the organization made it even more difficult to reach consensus within the movement on many issues.

Before the Nicosia conference, some people were worried about the fact that the Nonaligned Movement may have become antiquated because even the two superpowers had started the process of rapprochement.

As the Nicosia declaration pointed out, however, serious problems and conflicts still exist and threaten to jeopardize the progress of detente in the international relations. The international relations are still characterized by the use of force, intervention, interference and the application of coercive measures such as in the problems of the Middle East, South Africa and Central America.

The document also noted that the responsibility for the future of mankind cannot be left to a limited number of countries, no matter how great and powerful they may be.

Therefore, the Nonaligned Movement, whose members account for two thirds of the U.N. membership, should and can play an important role in the regional and global affairs.

The Nicosia Declaration stated that the Nonaligned Movement will intensify dialogue with all groupings and key factors in international relations and will actively

participate in the search for a solution to all outstanding international problems. This has actually set the new course for the movement for the next few years.

Moreover, the conference has chosen Yugoslavia as the leader of the movement for the next three years. It is noteworthy that the idea of modernizing the strategy of the movement was put forward by Yugoslavia before the opening of the conference. So, it is reasonable to expect a revival of the movement under the leadership of Yugoslavia.

However, it is observed that the movement is now facing many problems.

Foremost, nearly all the regional conflicts listed in the political declaration adopted at the conference involve member states of the Nonaligned Movement. Because of the divergence of national interests among them, it is often very difficult for these countries to reach agreement on solution to a conflict. This weakens the unity of the movement and often prevents NAM conferences from implementing their adopted documents and taking concrete actions.

At the just-concluded conference, there were hot debates on the issues of Kampuchea, Afghanistan, the Iraq-Iran conflict and the selection of a venue for the next NAM summit. The wide divergence of opinions among the participants had extended the closing session of the conference from yesterday evening to 03:00 (local time) this morning.

Moreover, most of the Nonaligned countries are beset by natural disasters and economic problems, namely, drought, floods, food shortage and heavy foreign debts. These economic problems often constitute a bigger challenge to the new ambition of the Nonaligned Movement.

Nevertheless, so long as it persists in struggle, the movement will surely be able to overcome the difficulties. We wish to see the 27-year-old organization prosper instead of succumbing to the pressure of the heavy tasks.

Li Peng Meets With Meteorological Delegates
OW1009104488 Beijing XINHUA in English
1023 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—Chinese Premier Li Peng today met with delegates to the ninth session of the Regional Association II (Asia) of the World Meteorological Organization (WMO).

Li said the Chinese Government attaches great importance to meteorological work and the people also pay great attention to meteorological forecasts.

He noted that China, a country with frequent natural disasters, often suffers from drought, floods, typhoons and cold currents which affect to some extent its agricultural production.

Therefore, he said, the Chinese Government supports the meteorological research.

International cooperation is needed in this regard, since meteorology has no national boundaries, he said.

A few days ago, he said, China successfully launched a pole orbit meteorological satellite, and welcomes members of the WMO and other related countries to use data concerning its meteorological satellite.

He said China also attaches great importance to the modernization of meteorological work, and hoped that delegates from other countries will raise their opinions on it.

Al-Majed, acting president of the Asian Regional Association of the WMO, said participants are discussing cooperation on the Asian regional association, and that the results of the session will be of great importance to all Asian countries.

The WMO has a membership of 160 countries and regions and, according to geographic distribution, they can be divided into six regional associations, namely, the regional associations of Africa, Asia, South America, North and Central America, the Southwest Pacific and the Europe.

The present session is being held here from September 5 to 16. Participants from China and 22 member countries and regions of the Asian Regional Association attended the session.

Present at today's meeting were Song Jian, state councillor, and Zou Jingmeng, president of the WMO and director of the National Meteorological Bureau.

XINHUA Cites Interview With UNESCO Head
OW0909051288 Beijing XINHUA in English
1358 GMT 8 Sep 88

[Text] Paris, September 7 (XINHUA)—UNESCO Director General Federico Mayor said here today that he hopes China will play a more important role in the United Nations' educational and cultural agency.

In an exclusive interview with XINHUA, Mayor said China is a country on which the future of the world may largely depend. China's open policy and reforms have attracted worldwide attention, he added. The UNESCO (UN Educational, Scientific and Cultural Organization) chief is scheduled to visit China for four days beginning September 23.

Mayor said he will sign the third memorandum on Sino-UNESCO cooperation during his visit and will discuss with Chinese leaders ways that UNESCO can function more actively and effectively.

The UNESCO director general, who was elected to the post last November, will also preside over opening ceremonies of the 9th regional conference of UNESCO's National Committee of Asian and Pacific Countries.

The conference will discuss UNESCO's third medium-term project, a 10-year plan for the world's cultural development, the International Year of Anti-Illiteracy and mass education programs in Asia and the Pacific.

Mayor said his reform policy to make UNESCO more effective is based on a work principle to do less but better.

The director general said he has reduced the agency's projects from 62 to 17.

Mayor also expressed optimism about prospects that the United States and Britain would rejoin UNESCO.

Both countries withdrew their financial and other support in 1985 after complaining of inefficiency, mismanagement and an anti-Western bias in UNESCO.

Mayor said that signs he has received from Washington and London look "quite positive and encouraging."

National Flag Hoisted at Seoul Olympic Village
OW1109044988 Beijing XINHUA in English
0259 GMT 11 Sep 88

[Text] Seoul, September 11 (XINHUA)—The five-star Chinese national flag was officially hoisted at the plaza of the Olympic Village here this morning.

More than 100 Chinese athletes, coaches and officials who had flown in Saturday, attended the flag-raising ceremony braving a drizzle.

Chinese strongman He Zhuoqiang who holds the world record in the 52kg weightlifting event, handed the five-star red flag to the flag-raisers amidst the playing of the Chinese national anthem.

Yuan Weimin, deputy leader of the Chinese sports delegation, said at the ceremony that the coming Olympic Games is unprecedented in Olympic history with so many countries and regions participating.

"This indicates the wishes of the people in the world for peace. China will follow the Olympic spirit and work for better friendship and understanding with athletes the world over," he said.

Village Mayor Kim Yong-shik said the village will do its utmost to provide convenience for all the villagers.

Genetic Resources Office To Open in Beijing
OW0909201088 Beijing XINHUA in English
1456 GMT 9 Sep 88

[Text] Beijing, September 9 (XINHUA)—The International Board for Plant Genetic Resources established its East Asia office here Thursday. It is due to open October 1.

A memorandum on the establishment of the new office was signed yesterday between the Chinese Academy of Agricultural Sciences (CAAS) and the International Board for Plant Genetic Resources (IBPGR).

The memorandum will allow for increased cooperation to explore and collect valuable crop genetic resources and their wild relatives, especially those under threat of erosion, and facilitate the exchange of genetic resources materials among the nations of East Asia.

"China is rich in plant resources," Professor John Williams, IBPGR director, told XINHUA. "Many of them are spread all over the world. So it is helpful for people all over the world to protect and reproduce the resources in China."

The professor believes that the establishment of the new office will promote cooperation between China and IBPGR, and thereby improve the standard of living of the peoples of the world.

IBPGR is an international scientific organization set up in Rome in 1974 to support and promote a network of international centers to collect and preserve plant genetic resources and carry out relevant research.

China's cooperation with IBPGR began in 1980.

Scientists Concerned About Environmental Changes
OW0909191488 Beijing XINHUA in English
1446 GMT 9 Sep 88

[Text] Beijing, September 9 (XINHUA)—Sir J. C. Kendrew, chairman of the International Council of Scientific Unions (ICSU), told a press conference here today that in all scientific disciplines what scientists should be most concerned about is global environmental changes.

"The depletion of the ozone layer in the atmosphere, which has produced a so-called 'greenhouse effect', is expected to have serious consequences for mankind," he said.

The British scientist suggested that data about the geosphere and biosphere be collected everywhere, both via satellites and on the ground. "Certainly, in China's vast land, it's very important to collect data here," he added.

In order to effectively promote international scientific development and make full use of limited resources, he said, the ICSU has decided to put global change as the top priority in its research program.

ICSU, as one of the world's largest nongovernmental and nonpolitical international scientific organizations, has played a very important role in promoting scientific and technological progress, he pointed out.

ICSU is to hold its 22nd General Assembly here from September 11 to 16. Some 210 scientists from 60 countries and regions, including Israel and Taiwan, will participate.

The three delegates from China's Taiwan Province are scheduled to arrive in Beijing tomorrow.

Seven journalists from Taiwan attended today's press conference.

Conference Opens in Beijing

OW1109154688 Beijing XINHUA in English
1451 GMT 11 Sep 88

[Text] Beijing, September 11 (XINHUA)—Scientific leaders from over 60 countries and regions met in Beijing's Great Hall of People today to discuss global-oriented problems and frontier sciences.

Addressing the opening session of the 22nd General Assembly of the International Council of Scientific Unions, Qian Xuesen, an expert in aerodynamics and president of the Chinese Association of Science and Technology, said that as the world has entered into an information society and an era of space solar system, the development of sciences has become more and more globally oriented.

"Any scientific and technological breakthrough that greatly affects the development of human society needs the common efforts and comprehensive cooperation of scientists from all countries of the world," Prof Qian said. "This cooperation is undoubtedly an indispensable condition to the progress of the science and technology."

China has joined 162 international non-governmental organizations and taken an active part in a number of important world-wide scientific and technological cooperative projects and programs, according to Qian.

Three scientists from Taiwan were also among the 200 delegates who attended tonight's opening ceremony.

Theoretical physicist Zhou Guangzhao, president of the Chinese Academy of Sciences, invited overseas delegates to have academic exchanges with Chinese colleagues and visit China's institutes and laboratories and field stations, wishing them to get to know more about China's scientific development as well as Chinese scientists.

In his speech, Sir John Kendrew, president of the International Council of Scientific Unions, dealt with the difficulties scientific research is facing today.

"Global change problem and free circulation of science are two serious problems we are facing," he said. [sentence as received] "Free circulation does not only mean free exchange of people, but also mean free exchange of data and materials."

"Free circulation of data is essential to carry out successfully global change program, the biggest scientific project we've ever taken," the British scientist remarked.

Scientists will focus their attention on discussions of global change, geosphere and biosphere change, immunology, and science in Asia in the week-long meeting.

Beijing Receives Verdun Peace Medal

OW0909125788 Beijing XINHUA in English
0614 GMT 9 Sep 88

[Text] Paris, September 8 (XINHUA)—Envoys of 58 cities from around the world gathered Thursday at the scene of one of history's longest battles in the French city of Verdun to receive Peace Medals and confer on how municipalities can promote global peace.

The recipient cities, all of whom were named "Peace Messengers" in 1986 by the United Nations, include Beijing, China's capital.

The Peace Medal presentation was part of ceremonies to inaugurate the new headquarters of the World Union of Cities for Peace. U.N. Secretary General Javier Perez de Cuellar, fresh from the start of the Iran-Iraq peace talks in Geneva, presided over the inauguration.

The new headquarters is housed in the Bishop's Palace the target of the first shell of the Battle of Verdun in February 1916. The battle, launched by Imperial Germany to bleed France to submission, lasted for 10 months and claimed one million lives.

After paying respects on the former battlefield outside Verdun, de Cuellar said: "Who, speaking in the name of a peace organization, would not be moved to do it at Verdun, whose name has tragically become a symbol of the absurdity of wars, in a century in which that absurdity has taken on planetary dimensions?"

The U.N. leader was also quoted by United Press International as saying that he is determined to overcome the deadlock in the Gulf War Geneva talks. "We are trying, as is our duty to find a compromise formula," he said, "we are persistent people.... We will find it."

United States & Canada

U.S. Seeks Approval for Space Launchings by China

OW1009025088 Beijing XINHUA in English
0019 GMT 10 Sep 88

[Text] Washington, September 9 (XINHUA)—The U.S. State Department announced today that it will notify the Congress and its COCOM (Coordinating Committee for Export Control) allies of the administration's intent to approve export license applications for the launch of three U.S.-made satellites on Chinese launch vehicles.

State Department spokesman Charles Redman said in a statement that one license application was submitted by Hughes Aircraft Company for the launch of two of its satellites, which have been ordered by the Australian entity AUSSAT.

Redman said that the U.S. Administration has also decided to approve, subject to conditions, a license for the launch of a third U.S.-made satellite, known as ASIATAT, which will be launched on behalf of a Hong Kong-based consortium, with Chinese and British ownership.

He said that the U.S. Administration will seek the approval of the Congress and the COCOM for such moves.

The projected launch dates have been set for late 1989 for the ASIATAT satellite and 1991 and 1992 for the two AUSSAT satellites.

"The United States and the People's Republic of China will establish a government-to-government regime to safeguard the technology from possible misuse or diversion and obtain a government-to-government commitment that China will accept adequate responsibility for potential liability for damages resulting from accident," the statement said.

It added that there will be an agreement "to prevent possible unfair Chinese pricing or trade practices related to launch competitions." These agreements will be concluded before the licenses are issued.

"The positive outcome in these cases reflects our continuing interest in expanding relations with China in ways which are mutually beneficial," Redman said.

"In reaching this decision," he explained, "the administration is determined to protect legitimate U.S. national security interests and assure the ability of the U.S. commercial launch industry to compete on an equal footing with launches from a nonmarket economy, while continuing to promote increased U.S.-China trade."

Observers here noted that since the U.S. space shuttle Challenger disaster nearly 3 years ago, companies in some countries have turned to a Chinese company for help to launch their satellites on Chinese rockets. China has a good record on launch satellites and the price it charges is cheaper.

It was said that some U.S. rocket making corporations as well as a certain departments within the U.S. Administration opposed the idea on grounds that the using of Chinese launch vehicles will present U.S. firms with unfair competition and that it will involve the risk of transferring technology.

Satellites' Safety Assured

OW1009140188 Beijing XINHUA in English
1335 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—China has made repeated statements that it pledges the safety of foreign clients' satellites launched by China, a Chinese Foreign Ministry spokesman said here today.

The spokesman made this remark in reply to the question by a reporter: "The U.S. State Department spokesman said that the U.S. Government has approved the launching of U.S.-made satellites on Chinese launch vehicles. But the final approval will be subject to whether China and the U.S. can reach agreement on a Chinese pledge to safeguard the technology and offer a reasonable launching price. What is China's reaction to this?"

The spokesman said, "We have noticed the speech [as received] of the U.S. State Department spokesman. We appreciate the U.S. Government's support for China's satellite launching services for foreign clients."

He explained that the reason China charges relatively cheaper prices for launching satellites for overseas clients is due to several factors, namely: practical and reliable rocket design; comparatively higher rate of successful launching; using entirely Chinese-made materials and devices; relatively cheaper labor and the fact that the China Great Wall Industrial Corporation doesn't seek hefty profits, among others. It complies with international practice to offer favorable services at the initial stage of the Chinese carrier rockets' entry into the international market.

He said that, naturally, the price of launching services will not remain unchanged, adding that readjustment of prices is possible in future.

Carlucci Arrives in Shanghai, Feted at Banquet

OW0909154788 Beijing XINHUA in English
1524 GMT 9 Sep 88

[Text] Shanghai, September 9 (XINHUA)—Visiting United States Defense Secretary Frank Carlucci and his party arrived here this afternoon after visiting the museum of Qin Shihuang's terracotta warriors in Xian.

Yang Zhifan, political commissar of the Shanghai Garrison Command of the Chinese People's Liberation Army, held a banquet tonight in honor of the U.S. guests.

Carlucci said at the banquet that it was a very significant day for him. He flew to Shanghai from Xian in two hours, but in that two hours he covered a history of 2,000 years from the terracotta army of the Qin Dynasty in the ancient capital of Xian to the modern industrial City of Shanghai.

He said that the two cities are symbols of China's diversity and its advance from an ancient civilization to a modern economy.

Carlucci announced that the United States is willing to cooperate with China in its efforts to establish a new world of lasting peace.

Tomorrow the defense secretary and his party are scheduled to visit a squadron of the East China Sea fleet.

Departs for Hong Kong

OW1009075788 Beijing XINHUA Domestic Service
in Chinese 0630 GMT 10 Sep 88

[Text] Shanghai, 10 Sep (XINHUA)—U.S. Secretary of Defense Frank Carlucci wound up his 5-day official visit to China and departed Shanghai for home via Hong Kong this morning.

Song Wenzhong, director of the Foreign Affairs Bureau of the Chinese Defense Ministry, and Yang Zhifan, political commissar of the Chinese PLA Shanghai Garrison, sent the U.S. defense secretary off at the airport.

Accompanied by Zhang Lianzhong, commander of the Navy, Carlucci called on a guided missile destroyer and submarine from the East Sea Fleet before his departure from Shanghai.

After the visit, Carlucci told Chinese and foreign reporters: "We called on the naval units to show our readiness for exchanges with all arms and services of the Chinese PLA." He said that his visit to China was very successful.

Qin Jiwei, minister of national defense, cabled a message to Carlucci this morning, saying that the defense secretary's visit has enhanced mutual understanding and friendship and will surely contribute to further development of friendly ties between China and the United States and between the armed forces of the two countries.

NPC's Gu Ming Views Upcoming U.S. Election
HK0909145088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0741 GMT 8 Sep 88

[Text] Beijing, 8 Sep (ZHONGGUO XINWEN SHE)—Recently, in a bright office in Zhongnanhai, this reporter interviewed Gu Ming, vice chairman of the NPC Standing Committee Law Committee. He was straightforward in telling this reporter of his feelings after investigating the general elections in the United States. In the 3-hour interview he expressed many original opinions of deep insight.

What is the Purpose of the First Election-Study Delegation? [subhead]

Between 15 and 23 July a 12-member delegation headed by Gu Ming visited the United States to investigate and study the general elections there. This was the first delegation of this kind sent by the Chinese Government to a foreign country in the past 40 years. People certainly want to know the purpose of this delegation.

Gu Ming said that the delegation went to Atlanta at the invitation of the "U.S. Democratic Center" to participate in the "foreign visitor activities," sponsored by the Democratic Party's National Diplomatic Affairs Association, for the party's national convention. The delegation attended the convention as foreign visitors. During that period they studied and acquired knowledge about the election procedures, presidential election campaign strategies, the Democratic Party's foreign policy, and the party's political prospects. As for why China sent such a delegation to the United States this year, Gu Ming answered that this was an inevitable step under the current situation of reform and opening up. "Increasing mutual understanding and making more friends" is a historical mission, a need of the times, and the real purpose of the trip. The second Chinese delegation, which will attend the Republican Party's national convention as visitors, has already left.

The Chinese delegation came into contact with many important Democratic leaders, congressmen, and policy advisers including former President Carter and Paul Kirk, the party's national committee chairman, and conducted extensive talks with them. The delegation also attended the Democratic Party's national convention as the meeting's visitors. Gu Ming said when appraising this investigation trip: "The trip achieved the expected results."

Are the Campaign Activities Just a Farce? [subhead]

In the past, China has been uninterested in the presidential election campaigns in capitalist countries and just called them "farces." However, this was not the opinion of the first election-study delegation in its report to the state leaders. Instead, the delegation was "deeply impressed" with the strong atmosphere of unity and the

Democratic Party's strong feeling of confidence, and the increasing interest in political participation by Americans in the middle and lower social strata.

Gu Ming gave a frank answer on this issue. He said that as compared with other capitalist countries, bourgeois democracy in the United States is rather thorough. This was reflected in the country's presidential elections. For example, in the United States people who are not well known to the public can run for the presidency and participate in the intensive competition. There is a high degree of openness in the election campaigns. The two parties can expose the other side's errors in domestic and foreign policies, and can discuss a series of sensitive issues such as the decline in national strength, unemployment, the shortage of educational opportunities for the people, the drug problem, racial discrimination, and various social corruption phenomena. The "political platforms" of the campaigners must be directly shown to the public for their selection.

However, he also pointed out something sham in the American-style democracy. For example, those who can pay more money will have greater rights than others. Those who do not have sufficient campaign funds will never be able to become the master of the White House. A presidential candidate may make a lot of important-sounding promises in his campaign declaration, but he may pursue quite different policies after he takes office. However, it is merely a one-sided viewpoint if we thus assert that the presidential campaigns in the United States are shams.

Can We Learn Anything From U.S. Democracy? [sub-head]

Gu Ming is an academic expert rather than a senior government official. He has engaged himself in the study of international economics and law for a long time, and has directed the formulation of many economic laws in China. Today, he is a responsible person of some famous research organizations—he is president of the Economic Law Research Society and vice president of the Law Society. When answering the sensitive question above, he was frank and straightforward, and this made the interview more impressive.

Gu Ming said: China can learn from some methods and forms in the U.S. presidential election. For example there should be a higher degree of openness in the election of leaders at various levels. The candidates should make themselves well known by meeting the public directly, telling the public of their personal backgrounds, previous contributions, and "political platforms" to subject themselves to the supervision of the people. In addition it is necessary to further develop democracy, consolidate and perfect the legal system, introduce a civil service system, further advance the system of nominating more candidates than those to be elected, and thoroughly change the system of ensuring cadres' lifelong tenure in office. If China can earnestly

learn from the good experience of capitalism and overcome the influence of feudalism and money fetishism, then socialist democracy, which is built on the basis of the economic foundation with public ownership as the main body, will be more thorough and more vigorous than capitalist democracy. Gu Ming said that this was precisely the deep feelings he had after viewing the U.S. presidential campaign.

Zhejiang Province Opens Exports Fair in U.S.

OW0809043288 Beijing XINHUA in English
0020 GMT 8 Sep 88

[Text] New Jersey, September 7 (XINHUA)—An exhibition of export commodities from China's Zhejiang Province was launched here today, marking the most dramatic event in the sister-state month for Zhejiang and the U.S. State of New Jersey.

At the seven-day exhibition, 29 import and export companies of Zhejiang present thousands of products ranging from electronics, apparel, silk, foodstuff and toys to handicrafts.

Thomas Kean, the governor of New Jersey, said during a tour of the exhibition that the exhibits present "variety and quality and are very well arranged."

He said the relationship "carefully cultivated between Zhejiang and New Jersey is now beginning to bear fruit." He said he hoped the sister-state month will "open a new chapter of friendship between our people."

Former Secretary of State Dr. Henry Kissinger, who visited China in 1971 to pave the way for the resumed relations between the United States and China, said during the tour that China's effort to open its coastal areas to foreign investors is "courageous and effective."

He also said at the opening ceremony that "the integrity and modernization of China is of vital interest to us."

Shen Zulun, governor of Zhejiang Province, came specially from China to open the exhibition.

A song and dance troupe of Zhejiang has also flown in to perform in several cities in the State of New Jersey during the exhibition.

Joint Venture Firm Donates to Children's Group

OW0309170688 Beijing XINHUA in English
1008 GMT 3 Sep 88

[Text] Beijing, September 3 (XINHUA)—A Sino-American joint venture company today made a donation of 300,000 yuan to the Soong Ching Ling foundation, a children's welfare organization named after China's late honorary president.

Kang Keqing, president of the foundation, presided over a ceremony in the Great Hall of the People and received the donation on behalf of the foundation.

R. Fenton-May, general manager of the BC Development Co Ltd, presented a cheque to Kang who thanked the company for its assistance and said, "the foundation needs help from all walks of life at home and abroad."

Jointly run by China's International Trust and Investment Corporation (CITIC) and the Atlantic Industry Company from the United States, the company was established in June, 1986 and its business scope includes drink, foodstuff and garment.

Shanghai Leader Meets U.S., Other Scholars
OW0909082788 Shanghai City Service in Mandarin
2200 GMT 7 Sep 88

[Text] Comrade Jiang Zemin on 7 September met with experts and scholars from the United States, France, Japan, and Australia, who are in Shanghai for the international seminar on Sino-American economic cooperation and the international symposium on urban development in modern Shanghai sponsored by the Shanghai Academy of Social Sciences.

Peng Chong Attends Washington Ballet
OW0909185488 Beijing XINHUA in English
1526 GMT 9 Sep 88

[Text] Beijing, September 9 (XINHUA)—The Washington Ballet from the United States drew warm applause from its first-night Chinese audience here tonight.

The night opened with "Doubles Contrasts". Two groups, one in white, the other in black, danced modern ballet to the background of a dark-blue sky.

Following were "Sylvia Pas de Deux" and "In the Glow of the Night". In the last act, "Time Out", eight dancers demonstrated four different moods with nontraditional ballet techniques to the accompaniment of guitar music.

In an interview with XINHUA during an intermission, noted Chinese Ballerina Dai Ailian described the performance as "expressive and full of feeling".

Founded in 1976 by Mary Day, the Washington Ballet has distinguished itself with its successful integration of classical ballet techniques and modern ballet styles. Many of its dancers and performances have been honored at international contests.

Present on the occasion were Peng Chong, vice-chairman of the Standing Committee of the Chinese National People's Congress, Cheng Siyuan, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, and Wang Meng, minister of culture.

Soviet Union

Ministry Spokesman Denies Zhou Nan Remarks
OW1009065888 Beijing XINHUA in English
0632 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—A Chinese Foreign Ministry spokesman today denied reports about Deputy Foreign Minister Zhou Nan's remarks on China requesting the Soviet Union to withdraw its troops from Can Ranh Bay.

He made this denial when a foreign correspondent asked the Foreign Ministry to confirm reports that Zhou Nan said to officials of the Foreign Ministry of the Netherlands that China requested the Soviet Union to withdraw its troops from Can Ranh Bay, as this was a more prominent obstacle apart from the three main obstacles.

"It is learned that Deputy Foreign Minister Zhou Nan did not say anything to that effect at all. The report is groundless," the spokesman said.

CPPCC Official Meets Soviet Visitors
OW1009141488 Beijing XINHUA in English
0822 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—Fang Yi, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met a delegation of the Students' Council of the Soviet Union here today.

The delegation is led by Yuri Zaitzev, chairman of the council and vice-chairman of the committee of Soviet youth organizations.

Soviet Delegation Departs Changchun for Home
SK1009113288 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 9 Sep 88

[Text] The delegation of the Maritime Kray branch of the Soviet-Sino Friendship Association, headed by Nikolay Pedorovich Kalin, first vice chairman of the Kray Executive Committee, ended its friendly visit in our province and returned home on the evening of 9 September.

During its stopover in our province, the delegation visited some plants, shops, warehouses, schools, and some individual units in the cities of Changchun and Jilin. The delegation also held talks with the Jilin provincial delegation led by Vice Governor Liu Xilin on opening up outlets in Changling, developing trade, increasing economic and technological cooperation, and developing mutual contacts.

Responsible comrades of the provincial-level committees, offices, departments, and bureaus concerned also attended the talks.

On 9 September Comrade Liu Xilin and delegation leader Nikolay Pedorovich Kalin signed a letter of intent. Both sides were satisfied with the visit and the achievements in the talks.

Liu Xilin, vice governor of Jilin Province, and Zhu Xianying, vice chairman of the provincial Foreign Affairs Office, saw the delegation off at the railway station upon its departure from Changchun.

Bi Kebin, president of the provincial association for promoting friendship with foreign countries, and others accompanied the delegation to the Suifen He outlet.

Accord Signed With USSR for Thermal Generators
OW1009001388 Beijing XINHUA in English
1346 GMT 9 Sep 88

[Text] Nanjing, September 9 (XINHUA)—For the first time in 20 years, China will import 2 thermal generating units from the Soviet Union through barter trade.

An agreement to that effect was signed in Beijing Wednesday by the Nanjing-based Huaneng International Power Development Corporation and the United Technology and Industry Exports Corporation of the Soviet Union.

The units, worth 300 million Swiss francs (about 900 million yuan), will be installed at the Huaneng Nanjing Thermal and Power Plant in Nanjing, capital of Jiangsu Province.

The Huaneng Corporation and the Nanjing authorities will repay the Soviet corporation over 10 years by repairing Soviet ships and exporting light industrial goods, textiles, electronic products, and machinery to the Soviet Union.

The two 300,000-kilovolt units will go into operation in late 1990.

Trade Between Heilongjiang, USSR Boosted
HK0909134588 Beijing GUANGMING RIBAO
in Chinese 29 Aug 88 p 1

[Report by Wang Dayong (3076 1129 0516): "Heilongjiang Goes All Out To Develop Border Trade With the Soviet Union"]

[Text] Heilongjiang Province is going all out to develop border trade with the Soviet Union. At present, trade between the cities and towns on both sides has been extended to province-to-province and prefecture-to-prefecture trade, the short-term and equal-value exchange has been developed into a long-term and stable trade, and the simple way of trade development has now become an all-around economic and technological cooperation. This was revealed by provincial Vice Governor Du Xianzhong recently.

There is a 3,000 km boundary line between Heilongjiang Province and the far east area of the Soviet Union. Along the 300 km contiguous land line, there are 18 towns and cities. The province is thus enjoying exceptional advantages in promoting border trade. This year, the State Council has been implementing eight preferential policies to encourage border trade in this province, and the provincial government has also worked out 24 concrete regulations. According to these policies and regulations, 30 cities and counties and 90 enterprises have been approved to engage in direct trade with the Soviet Union, and six more ports have been opened to develop border trade. In the first half of this year, the province's volume of border trade reached 250 million Swiss francs, which was more than 600 percent higher than the gross volume of last year.

Recently, Heilongjiang Province has reached three agreements with two border regions and a prefecture of the Soviet Union on further developing border trade and all-around economic and technological cooperation. Provincial Vice Governor Du Xianzhong, who just returned from a visit to the Soviet Union, told reporters that now both sides have agreed that if necessary and possible, conditions should be created as soon as possible to promote trade and economic and technological cooperation between the border cities and towns of both countries.

Daxinganling, Raohe, Huma, and Xunke Counties of Heilongjiang Province have become trade companions of four Soviet cities in the Far East area. Some ports and supplementary ports for transit trade have also been established one after another. At the same time, the range of barter trade has been expanded and its volume increased, and more varieties of commodities are being supplied. Every year, a comprehensive or professional export commodity fair is held by each on the other side. On this basis, some 45 cooperative projects, including agricultural production, processing of agricultural products, lumbering, processing of forest products, house building, production of construction materials, mechanical and electrical production, and production of agricultural machines, garments, and foodstuffs, have been carried out in various forms, such as jointly exploring new spheres for economic and technological cooperation, joint ventures, cooperative production and operation, processing according to buyer's samples and processing with customer's materials, contracting construction projects, importing technology, and exporting labor. It is estimated that some tens of thousands of people will be working in the far east area of the Soviet Union next year to carry out the contracted projects and labor cooperation.

Du Xianzhong said the province has decided to establish a special organ to manage affairs concerning border trade and economic and technological cooperation with the Soviet Union. In order to meet the needs of the Soviet market in the far east, efforts will also be made to readjust the product mix and to establish a long-term

and stable export commodity production base in this province. He also hoped that his province can further promote cooperation with the coastal areas and other provinces and cities and that people of insight from other parts of the country will invest in the border areas so that they can jointly do a good job in promoting compensation trade with the Soviet border areas on the basis of mutual benefit and each supplying what the other needs.

Railroad Protocol Signed With MPR, USSR
OW1109115888 Beijing in Russian to the USSR
1800 GMT 9 Sep 88

[Text] Our correspondent reports: From 29 August to 6 September a meeting of representatives of the PRC, MPR, and Soviet railways for 1988 took place in the Chinese City of Hohhot.

A new protocol was signed on the afternoon of 6 September by the heads of the delegations of the two countries [as heard].

The Soviet and Mongolian delegations left for home by train on 7 September via the Chinese City of (Zhenjiang).

In recent years railway transit transportation between China, the MPR, and the Soviet Union has developed rapidly. The cargo volume in 1987 exceeded 1.5 million metric tons, while the number of passengers reached some 25,000 people. In the first 7 months of this year the volume of transported import and export goods reached more than 800,000 metric tons, while the number of passengers was more than 30,000 people (from) 70 countries and regions of the world.

17-22 Sep Soviet Belorussia Maneuver Reported
OW1009234888 Beijing XINHUA in English
1210 GMT 10 Sep 88

[Text] Moscow, September 10 (XINHUA)—The Soviet Byelorussian Military Region will conduct a maneuver from Sept 17 to 22, in the republic's Dubrovo, Shatsk and Ulla, according to today's newspaper RED STAR.

The maneuver, involving 21,000 soldiers of the region's ground and air forces, aims to upgrade its military capacity, the newspaper said.

Observers from the European Security Council have been invited to watch the military exercise.

Despite all kinds of disarmament talks among the superpowers, the Warsaw Pact states, and NATO, the Soviet Union improved its combat readiness by conducting increased war games this autumn.

It was reported the naval exercise in Soviet territorial waters in the northeastern Baltic Sea had just ended on Thursday. Later this month, the Soviet Defense Minister Dmitry Yazov will command the "Autumn-88" military exercise to be held in Ukraine [the Ukraine], Moldavia and the Black Sea.

Soviet Arctic Affairs Committee Established
OW1009021188 Beijing XINHUA in English
0052 GMT 10 Sep 88

[Text] Moscow, September 9 (XINHUA)—The Soviet Government has set up a National Committee of Arctic Affairs to speed up development in the Arctic region, the Soviet weekly "NEDEL'YA" reported today.

The weekly said that the pace of development in the region has so far been slow and there is a lack of coordination between the government departments concerned.

The first task facing the newly-created committee is to solve the problem of timber waste and environmental pollution, the paper said.

The committee will also help solve the processing problems for those who breed deer and catch fish to supplement their income.

The committee is also making preparations for an international conference on scientific expeditions in the Arctic region, and a joint venture to exploit the Arctic continental shelf and to develop crude oil and natural gas is under consideration.

Soviet Draft Budget Emphasizes Consumer Goods
OW1109184088 Beijing XINHUA in English
1531 GMT 11 Sep 88

[Text] Moscow, September 11 (XINHUA)—The Soviet Government Saturday discussed the draft state plan and budget for 1989, which pay particular attention to the people's demand for consumer goods, the official newspaper PRAVDA said today.

The draft plan will be submitted to the Supreme Soviet, or the Parliament, for approval after revision, the paper said.

At a one-day meeting, PRAVDA continued, the Council of Ministers pointed to the slow growth of agricultural production and the failure to reduce losses of farm products in the process of storing [as received], transportation and processing in the country.

It also stressed the need to overcome a loss of 11 billion roubles (about 17 billion U.S. dollars) incurred by Soviet enterprises every year.

The Council of Ministers ordered the State Planning Committee, the State Agro-Industrial Committee and other departments concerned to make necessary amendments to the draft plan.

In recent months, the Soviet leadership has repeatedly stressed the need to improve the supply of consumer goods, describing it as important for the deep-going economic reform in the country.

Northeast Asia

Yang Shangkun Concludes Visit to DPRK

Attends Banquet

OW0909181488 Beijing XINHUA in English
1551 GMT 9 Sep 88

[Text] Pyongyang, September 9 (XINHUA)—The Democratic People's Republic of Korea (DPRK) is determined to materialize the unification of the Korean peninsula under the three principles of independence, peaceful unification, and national unity.

This stand was reiterated by Yi Kun-mo, premier of the administration council of DPRK, in his toast at a banquet here this evening. The banquet was hosted by President Kim Il-song in honor of more than 300 foreign delegations from over 100 countries, which are here for the celebration of the DPRK's 40th birthday.

Chinese President Yang Shangkun, who arrived here Tuesday [6 September] with a Chinese party and government delegation on a five-day visit, was present at the banquet.

Yi said that DPRK, with the support of the world's people, will surely foil any plots by domestic and foreign splittists to create "two Koreas" and provoke war.

The DPRK Government has raised in the past few years many proposals aimed at guaranteeing a permanent peace in the Korean peninsula and realizing national unification.

The premier also said that the DPRK will further develop friendly and cooperative relations with fraternal socialist countries, non-aligned countries, and Third World nations.

After the banquet, President Kim Il-song and the foreign delegations watched a splendid display of fireworks in the Kim Il-song Square in the center of the capital.

Meets With Kim Il-song

OW1009071288 Beijing XINHUA in English
0620 GMT 10 Sep 88

[Text] Pyongyang, September 10 (XINHUA)—Visiting Chinese President Yang Shangkun and his Korean counterpart Kim Il-song held talks this morning at Pakhwa-won Guesthouse where he is staying during his five-day visit to the Democratic People's Republic of Korea (DPRK).

Sources from Yang's entourage said that during the talks which lasted one and half hours, President Kim briefed Yang on the situation of the DPRK's economic construction and Yang expressed congratulations on the achievements in its construction.

The two leaders also exchanged views on easing the tension on the Korean peninsula and on a political solution to the Kampuchea problem and other international issues of mutual concern.

Present at the talks were Secretary of the Secretariat of the Chinese Communist Party Central Committee Yan Mingfu and Foreign Minister Qian Qichen, Korean Vice Premier and Foreign Minister Kim Yong-nam and Deputy Director of the International Department of the Central Committee of the Workers' Party of Korea Kim Yang-kon.

Yang Shangkun is here attending the celebrations of the 40th anniversary of the DPRK's founding with a high-level Chinese party and government delegation.

Meets Goodwill Delegations

OW1109131288 Beijing XINHUA Domestic Service
in Chinese 1705 GMT 10 Sep 88

[By reporters Zheng Baoqin and Li Nengqing]

[Text] Pyongyang, 10 Sep (XINHUA)—This morning at the Pakhwa-won Guest House in Pyongyang, Yang Shangkun, head of the Chinese party and Government delegation, member of the Political Bureau of the CPC Central Committee, and president of the PRC, met with goodwill delegations from Liaoning and Jilin Provinces which had come here for the 40th founding anniversary of the DPRK and for goodwill visits to the DPRK.

At the meeting President Yang Shangkun asked the Liaoning and Jilin delegations about their Korea visit and posed for separate photographs with the two delegations.

In the afternoon President Yang Shangkun visited the Chinese Embassy where he met with the embassy staff, representatives of the Chinese People's Volunteers of the Korean-Chinese side of the Korean Military Armistice Commission, and members of the Chinese People's

Volunteers delegation as well as Chinese engineers, technicians, experts, students, and graduate students working or studying in the DPRK.

Speaks to DPRK Media

OW1109211588 Beijing XINHUA Domestic Service
in Chinese 1616 GMT 11 Sep 88

[By reporter Zhu Kechuan]

[Text] Pyongyang, 11 Sep (XINHUA)—During an interview with the KOREAN CENTRAL NEWS AGENCY, the Korean Central Broadcasting Committee, Korean Central Television, and other media at the Pakhuawon Guesthouse where he was staying, President Yang Shangkun, who accepted Korea's invitation and came to Korea on a friendly visit and to attend the celebrations of the 40th founding anniversary of Korea, said: As neighbors who are as close as lips and teeth, China and Korea will go through thick and thin together. The two countries have cooperated closely and supported one another through both the war years of opposing imperialism and striving for national liberation and the peaceful period of socialist construction.

President Yang Shangkun said his current visit to Korea at President Kim Il-song's invitation is his first trip abroad since becoming the president of China. He said the Korean comrades' warm welcome and thoughtful reception have made a deep and unforgettable impression on him.

Commenting on the Sino-Korean friendship, President Yang Shangkun said: Relations between the parties, governments, and peoples of the two countries are very close and distinctive. The friendly relations between China and Korea are cemented by blood and their foundations are deep. Thanks to the kind attention of their leaders, the two countries' relations have been developing smoothly in the political, economic, cultural, and other fields. He said he is deeply convinced that the Chinese and Korean peoples will, as always, support and understand one another and that the two countries' friendship and cooperation will achieve new and even greater development in the future.

On the Korean peninsula, President Yang said: "The Chinese party, Government, and people always support the Korean people's just struggle for independent and peaceful national reunification and all reasonable proposals and suggestions put forward by the Korean party and government for easing tension on the Korean peninsula and realizing independent and peaceful reunification. The three principles of self-determination, peaceful reunification, and national solidarity and the establishment of a confederal republic of Koryo as proposed by the Korean people's great leader Kim Il-song have shown a right way for Korean reunification." Yang said: We always believe that the Korean issue should be solved through consultations among the Korean people themselves without any external interference. The Chinese

people firmly support the Korean Government's proposals for North-South dialogue to ease bilateral relations and promote national reunification. The international situation is now heading in a direction that is favorable for the relaxation of the situation on the Korean peninsula. We believe that, with common efforts exerted by all the Korean people, North and South Korea will, through dialogue, understand each other better and enjoy better relations, thus creating the conditions favorable for settling the issue of Korean reunification.

Thanks Kim Il-song

OW1209000988 Beijing XINHUA Domestic Service
in Chinese 1224 GMT 11 Sep 88

[Text] Pyongyang, 11 Sep (XINHUA)—Upon his departure from Pyongyang for home today, Yang Shangkun, head of the Chinese party and Government delegation, member of the Political Bureau of the CPC Central Committee, and president of the PRC, sent a telegram to Kim Il-song, general secretary of the Korean Workers' Party and president of the DPRK, thanking him for the warm welcome and hospitality and that of the Korean party, Government, and people.

The telegram says: "While attending the grand celebrations of the 40th anniversary of your country, and during our friendly visit, we witnessed with our own eyes the brilliant achievements our fraternal Korean people have made in various fields as well as the Korean people's daring and energetic spiritual outlook under the leadership of the Korean Workers' Party headed by you. Your cordial meeting and friendly talks with our delegation, in particular, have given us a fine impression which is unforgettable, and we have once again experienced the profound friendship between the Chinese and Korean peoples. I am deeply convinced that the great friendship cemented by blood between the two parties, two countries, and two peoples of China and Korea will go on from one generation to another. During the noble cause of building socialism and achieving national reunification, our two countries have respected, understood and closely cooperated with one another and advanced together. This was so in the past, and it will certainly be so in the future. We will bring back to our country the friendship of the Korean people to the Chinese people and continue to do our very best in developing Sino-Korean friendship and cooperation."

Qian Qichen, Counterpart Confer

OW1109081488 Beijing XINHUA in English
0756 GMT 11 Sep 88

[Text] Pyongyang, September 11 (XINHUA)—Chinese Foreign Minister Qian Qichen this morning held talks here with his counterpart Kim Yong-nam of the Democratic People's Republic of Korea (DPRK).

The two ministers exchanged views on international issues as well as on the situation on the Korean peninsula in a friendly atmosphere.

The Chinese foreign minister, who is accompanying Chinese President Yang Shangkun on a visit to DPRK, reiterated China's support for proposals on national reunification of Korea through dialogue and consultation between the north and south sides. [Beijing XINHUA Domestic Service in Chinese at 1511 GMT on 11 September, in a similar report on this meeting, adds: He [Qian Qichen] said President Yang's current visit shows that Sino-Korean friendship is profound and solid [shen hou er lao gu 3234 0624 5079 3666 0942].]

Welcoming the Chinese president's visit, the DPRK minister said the visit was successful and has contributed to the development of the Sino-Korean friendship.

The Chinese foreign minister has invited Kim Yong-nam to visit China at his convenient time and the latter accepted the invitation.

The Chinese delegation arrived here on September 7 and is due to leave for home later today.

Yang Ends Visit

OW1109083288 Beijing XINHUA in English
0816 GMT 11 Sep 88

[Text] Pyongyang, September 11 (XINHUA)—Chinese President Yang Shangkun and his delegation of Chinese Communist Party and government officials left for home this morning after a five-day goodwill visit to the Democratic People's Republic of Korea (DPRK).

Yang and his party came to Pyongyang to attend the 40th anniversary of the DPRK's national day. They were also met by President Kim Il-song and visited a number of sights.

Seeing him off at the Pyongyang railway station were Korean party, government and Army leaders, including Yi Chong-ok, O Chin-u, Kim Yong-nam, Choe Kwang, Chong Chun-ki, and Hwang Chang-yop. Chinese Ambassador to the DPRK Wen Yezhan also was present.

Welcomed in Beijing

OW1209031188 Beijing XINHUA in English
0245 GMT 12 Sep 88

[Text] Beijing, September 12 (XINHUA)—Chinese President Yang Shangkun returned here by train this morning at the head of a Chinese party and government delegation after attending the celebrations of the 40th founding anniversary of the Democratic People's Republic of Korea and paying a goodwill visit to it.

Among those present at the Beijing railway station to meet the delegation were Chinese Vice-President Wang Zhen; Vice-Premier Wu Xueqian; Peng Chong, vice-chairman of the Standing Committee of the National People's Congress; Wen Jiabao, alternate member of the

Secretariat of the Chinese Communist Party Central Committee; and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

Choe Bong-chol, charge d'affaires ad interim of the Korean Embassy in China, was also present at the station.

Members of the delegation Yan Mingfu, Qian Qichen, Chi Haotian and Zhu Shanqing also returned here aboard the same train.

He Zhenliang Leaves for IOC Congress in Seoul

OW0909150188 Beijing XINHUA in English
0827 GMT 9 Sep 88

[Text] Beijing, September 9 (XINHUA)—He Zhenliang, member of the Executive Committee of the International Olympic Committee (IOC), left here today for Seoul to attend the 94th IOC Congress and a meeting of the IOC Executive Committee.

He also serves as the deputy chief of the Chinese Olympic delegation during the 24th Olympic Games in Seoul, South Korea.

Olympic Athletes Arrive in Seoul

OW1009021788 Beijing XINHUA in English
0200 GMT 10 Sep 88

[Text] Seoul, September 10 (XINHUA)—The first group of the Chinese sports delegation to the 24th Olympic Games arrived here this morning by plane.

The group, headed by Yuan Weimin and Xu Yinsheng, deputy leaders of the Chinese sports delegation and vice ministers of the Chinese Physical Culture and Sports Commission, includes 180 athletes, coaches, and officials. Among today's arrivals are the teams of football, water polo, gymnastics, weightlifting, shooting, women's handball, cycling, rowing, yachting, boxing, and modern pentathlon.

The whole Chinese delegation consists of 446 members. The other Chinese athletes and officials are expected to arrive here later.

Samaranch Addresses IOC Session Opening

OW1209074288 Beijing XINHUA in English
0648 GMT 12 Sep 88

[Text] Seoul, September 12 (XINHUA)—Juan Antonio Samaranch, president of the International Olympic Committee, today expressed regret over the absence of six of the 167 members of the Olympic family from the Seoul Olympic Games.

The IOC chief also condemned doping, declaring that "doping equals death."

His words were expressed at the opening ceremony of the 94th IOC session in Seoul late this afternoon.

The six absentees are Albania, Cuba, Ethiopia, Nicaragua, the Seychelles and the Democratic People's Republic of Korea.

The 94th IOC session opened here today with an IOC member from Cuba, but Kim Yu-sun, an IOC member from the DPRK, is notably absent.

Addressing the opening of the session, the IOC president expressed gratitude to all those who have come to Seoul for the 24th Olympic Games.

Samaranch said, "In under five days' time we shall see an all-time record number of NOC's [National Olympic Committees], IF's [International Federations], athletes, officials, journalists and technicians taking part in these games of the 24th Olympiad."

The IOC president said that he regretted the way in which those absent athletes had been "sacrificed" to "higher interests."

On the issue of doping, he said, "the thieves of sports performance (doping), like their criminal counterparts in society, are forever striving to find new methods, often assisted by specialists who attach little importance to their oath or the code of ethics they are supposed to respect."

The IOC president appealed the international community to join together with the IOC to fight back doping on the required scale.

He said that since he became the IOC president in 1980, he has been working to strengthen the links between the IOC, the IF's and the NOC's. Through innumerable exchanges, personal contacts, visits, meetings and discussions the Olympic movement has been able initially to preserve, then to strengthen and broaden its unity.

"I am particularly happy to see that today it is stronger and more peaceful than ever," said Samaranch.

The IOC president added, "I hope to be able to affirm when the flame of these games of the 24th Olympiad in Seoul extinguish: 'These were the games of understanding and friendship, games of reconciliation and games of excellence and peace.'"

The 94th IOC session will be discussing and voting for the host city for the 1994 Olympic Winter Games which now have four candidate cities in Lillehammer of Norway, Ostersund of Sweden, Anchorage of the United States and Sofia of Bulgaria.

Final selection will be made on September 15 after general balloting.

Southeast Asia & Pacific

Military Members Join Demonstrations in Burma
OW0909114688 Beijing XINHUA in English
1110 GMT 9 Sep 88

["(Flash) Some Burmese Air Force, Navy Men Join in Demonstration in Rangoon"—XINHUA Headline]

[Text] Rangoon, September 9 (XINHUA)—Over 100 men from the Burmese Air Force joined in the demonstration here this morning.

A number of men from the Burmese Navy demonstrated against the government yesterday.

It is said that the North-West Command of the Burmese Army has voiced their support for the democracy movement in the country. However, the news needs to be confirmed.

Vice Foreign Minister Ends Bangkok Visit
OW1109081188 Beijing XINHUA in English
0719 GMT 11 Sep 88

[Text] Bangkok, September 11 (XINHUA)—Chinese Vice-Foreign Minister Liu Shuqing this morning left here for home via Hong Kong after a week-long visit to Thailand.

A Chinese Foreign Ministry official accompanying Liu on the visit told reporters at the airport that Thai Foreign Minister Sitthi Sawetsila gave a banquet in honour of Liu here yesterday evening. The two sides continued to exchange views on the Kampuchean problem.

During his visit, the Chinese vice-foreign minister met Thai Prime Minister Chatchai Chunhavan and Foreign Minister Sitthi Sawetsila. They mainly exchanged views on the solution to the Kampuchean problem.

Liu also held talks with Kasem S. Kasemsiri, Thai under-secretary of state of the Foreign Ministry, on the Kampuchean problem.

Liu arrived here on September 6.

Commentary Assesses Cambodian Situation
HK1109082688 Beijing RENMIN RIBAO
in Chinese 11 Sep 88 p 6

["Short" Commentary: "A Clamor Running Against the World Trend"]

[Text] Just when peace talks for settling international disputes have become the world trend, and the international community is exerting all efforts to bring about a political solution to the Cambodian problem at an early date, Hanoi is continuing to come out with an extremely unharmonious clamor. In an interview with a VNA journalist a few days ago, Vietnamese Foreign Minister

Nguyen Co Thach said that troop withdrawal from Cambodia must be linked to "an end to foreign intervention." He said nothing at all about the establishment of a four-party coalition government headed by Prince Sihanouk—an issue of the greatest concern to the international community—but instead made a great noise about the danger of what he termed "reassumption of power by the Khmer Rouge," and declared that "power-holding by the Khmer Rouge alone" and power-holding by the Heng Samrin faction alone "cannot be mentioned in the same breath."

These remarks by Nguyen Co Thach show that even today, Vietnam still lacks the most elementary sense of reality and still has no sincerity for a political settlement of the Cambodian problem. It has still not changed its stubborn stand on the most fundamental issue.

On Vietnamese troop withdrawal from Cambodia, the key issue in a political settlement of the Cambodian problem, Nguyen Co Thach again set two "preconditions": First, troop withdrawal must be linked to "an end to foreign intervention." This means that so long as what the Vietnamese authorities irresponsibly term "foreign intervention" continues, Vietnam is not prepared to withdraw its troops from Cambodia. This means not only seeking a pretext for the Vietnamese forces to hang on in Cambodia and not leave; it also raises, according to this theory, a fundamental issue of right and wrong: Who in fact has been carrying out "foreign intervention" against Cambodia? Nguyen Co Thach's attack was directed at none other than those countries that have been supporting the Cambodian people's resistance against Vietnamese aggression. However, the incontrovertible fact is that it is the Vietnamese who launched a massive invasion of Cambodia and propped up with bayonets a regime in Phnom Penh that did everything Vietnam ordered it to do; and it was the international community that, acting with a sense of justice, gave sympathy and support to the patriotic Cambodian forces who rose up in resistance against this aggression. The rights and wrongs are perfectly clear. However, Nguyen Co Thach went so far as to describe Vietnamese armed aggression against another state as "providing help," and the support provided by countries upholding justice for the struggle against aggression as "foreign intervention." Only the Vietnamese authorities could come up with such tricks that completely reverse right and wrong.

The other condition Nguyen Co Thach raised for troop withdrawal was that such withdrawal must be linked to elimination of the "Khmer Rouge"—that is, Democratic Kampuchea. This means that so long as the Khmer Rouge are not excluded and eliminated, Vietnam will stay on in Cambodia and will not withdraw. It is evident that Nguyen Co Thach made great efforts to use the concern of some people in international circles regarding "reassumption of power by the Khmer Rouge" in a vain attempt to perpetuate a fraud and change the key to resolving the Cambodian problem from Vietnamese troop withdrawal to elimination or exclusion of the

Khmer Rouge. While feeling quite pleased with himself, Nguyen Co Thach has in fact exposed the stubbornness and the weakness of the Vietnamese authorities. As the whole world knows, the wild and arrogant activities of the huge Vietnamese Army in Cambodia in the past 10 years have not only failed to quench the flames of Cambodian resistance but have landed Vietnam in a quagmire. Under these circumstances, it is nothing but the wildest fantasy for the Vietnamese authorities to try to gain through a political settlement what they could not gain in 10 years on the battlefield.

On the question of how to organize the future government of Cambodia following Vietnamese troop withdrawal, Nguyen Co Thach gave a clear indication of Vietnamese intentions during the interview. He said that "power-holding by the Khmer Rouge alone" and power-holding by the Heng Samrin faction alone "cannot be mentioned in the same breath." The meaning of this is none other than: Others cannot hold power alone, but the Heng Samrin faction must actually monopolize the major power. As the Vietnamese authorities see it, only in this way can the Cambodian question be "settled," and can Vietnam retain perpetual control over Cambodia.

Fair international opinion pointed out long ago that a provisional four-party coalition government should be organized in Cambodia after the Vietnamese troop withdrawal. Otherwise, no matter whether the Heng Samrin faction alone is monopolizing the major power or whether any one of the four parties is excluded, the consequence will be not peace and stability for Cambodia but new and unending chaos. This is because any party excluded will certainly not readily lay down arms but is certain to continue waging a war of resistance, thus inevitably continuing to enmesh Cambodia in the chaos of war. Should such a situation occur, the protracted efforts made by the international community to secure a political settlement of the Cambodian problem would all be wasted.

Following Vietnamese troop withdrawal, the best method of bringing about true peace in Cambodia is to set up a genuine four-party coalition government headed by Prince Sihanouk. Excluding one party or having one party alone holding power is not the correct way to settle the Cambodian problem. It is understandable that some people do not wish to see a reassumption of power by the Khmer Rouge alone. What the international community should be alert to at present is the danger of the Vietnamese authorities plotting in a roundabout way to have the Heng Samrin faction alone holding power.

Nguyen Co Thach's entire interview was a rehash of old stuff. However, people cannot but draw the following conclusion from the fact that he timed his interview for a moment when the attention of international opinion is concentrating more and more on the Cambodian problem and the international community is actively striving for a settlement of the Cambodian problem: The

Vietnamese authorities are continuing to erect obstacles and exerting themselves to block the progress of a fair and reasonable political settlement of the Cambodian problem.

XINHUA Views SRV 'Tricks' in Cambodia
OW1109100288 Beijing XINHUA in English
0921 GMT 11 Sep 88

["Commentary: Vietnam is Still Playing Tricks on Kampuchea Issues" by Tang Tianri—XINHUA headline]

[Text] Beijing, September 11 (XINHUA)—Recent propaganda remarks by Vietnam's leaders and their various diplomatic activities show that Hanoi is insincere and is intent on playing tricks when it comes to finding a solution to the Kampuchean issue.

Two things demonstrate this.

Firstly, Vietnam has refused to unconditionally withdraw its troops from Kampuchea. It sticks to the conditions that its troop withdrawal be tied to guarding against the Khmer Rouge's return to power and stopping military supplies to the resistance forces. The Vietnamese have been reluctant to work out a definite timetable for a complete withdrawal from Kampuchea under international supervision.

Secondly, Vietnam has refused to accept the proposal that a future government for Kampuchea should be a four-party coalition headed by Samdech Norodom Sihanouk. It insists on forming a new government in Kampuchea using the Heng Samrin regime, which Vietnam installed in Phnom Penh, as a base. Vietnam demands that the Khmer Rouge armed forces and the coalition Government of Kampuchea be dissolved. But it opposes dismissal of Heng Samrin's armed forces and the so-called People's Republic of Kampuchea.

These facts show that Vietnam is placing man-made obstacles in the way of a reasonable solution to the Kampuchean conflict. Peaceful solutions have become the trend in other hot spots around the world—Afghanistan, the Gulf, Western Sahara. Why don't the Vietnamese show any understanding of the times?

Firstly, the Vietnamese have become tipsy by a so-called "victory" they have boasted of since the July Jakarta informal meeting on Kampuchea. They believe that recent changes in the world situation favor them.

However, they have misjudged the world situation. Relying on a few supporters among the world community of nations, they attempt to eliminate their opponents—the Khmer Rouge—through negotiations for a political solution. Vietnam has, on the one hand, created considerable international concern not over Vietnamese troop withdrawal but over the need to prevent the Khmer Rouge from returning to power. On the other hand, though, it continues to insist on reasonable preconditions for its

troop withdrawal—safeguards against the Khmer Rouge's return to power and an end to military supplies for the Kampuchean resistance.

The world should be wary of this stance. Since the Kampuchean issue was created by Vietnamese aggression, as a matter of course, the only key to a solution of this problem is for Vietnamese troops to leave. As an aggressor, Vietnam has no right at all to set any precondition for its total withdrawal from Kampuchea.

Secondly, Vietnam hopes, by sowing dissension, to disintegrate and destroy the three factions of the Kampuchean coalition government one by one. The recent attempt to form a "coalition government" of the Heng Samrin regime and one of the three factions is nothing but a "kill two birds with one stone" trick—to destroy the unity of the three factions of the resistance forces on the one hand, and to ensure the de facto control of Kampuchea on the other. This attempt is and will be opposed strongly by Kampuchean people and the world community as a whole.

The existence of the four political forces in Kampuchea is a matter of political fact in that country. It is impossible for any one of them to wield power alone or to exclude any faction. National reconciliation is possible only if the four forces are allowed to co-exist and gain recognition and respect.

Therefore, the only wise choice for a political solution to the Kampuchean issue after the Vietnamese withdrawal is to establish a four-party coalition government led by Sihanouk. Only such a coalition government can be recognized by the international society and the national reconciliation be guaranteed in Kampuchea.

The Vietnamese authorities must understand that it is impossible for them to win at the negotiations table what they were unable to win in 10 years of war. An early and just solution to the Kampuchean issue depends on whether Vietnam will change its stand on the troop withdrawal and on formation of a new government in Kampuchea and whether it will show its faith and determination to solve the Kampuchean problem.

Media Win Australasian Broadcasting Awards
OW1109131888 Beijing XINHUA in English
0925 GMT 11 Sep 88

[Text] Canberra, September 11 (XINHUA)—A two-day meeting for the presentation of the Pater Awards was concluded at World Expo '88 in Brisbane today, with three Chinese media organisations winning prizes in this year's awards.

The Pater Awards are organized by the Australasian Academy of Broadcast Arts and Sciences on an annual basis with the aim of promoting the radio, film and television industry in the Asia-Pacific region.

Radio Beijing or China International Broadcasting Station as it is officially known has won a prize for the third year in succession with its music feature "Life Along a River at Qingming Festival". This was judged the best special music program.

Liaoning Television Production Centre won the award for the best television drama mini-series with their entry "New Year's Day".

Radio Shanghai won two awards: the best special current affairs feature with an entry entitled "City Nights-City Lights" and the best advertisement for children's games and toys with the feature "Toy Cars".

Among the 1,660 entries for this year's Pater Awards, a total of 294 prizes were bestowed at the two-day ceremony.

In a message to the presentation ceremony, Australian Prime Minister Bob Hawke said the Paters are now ranked as one of the world major awards.

According to the organiser for this year's Pater Awards, there are 322 radio and television organizations from 46 countries and areas, including Hong Kong and Taiwan, which have presented program entries.

The Australasian Academy of Broadcast Arts and Sciences, established in 1982, is a free association of members of the Australian, New Zealand and Asian-Pacific broadcasting community.

Magazine Says Deng Urges Support of Zhao
HK1209000288 Hong Kong CHING BAO in Chinese
No 9, 10 Sep 88 pp 22-25

[Article by Li Shui (2621 3055): "Deng Xiaoping Admonishes Senior Cadres to Support the General Secretary; Zhao Ziyang Updates Ideas, Tackles Enterprise Mechanism"]

[Text] Deng Xiaoping warned senior CPC cadres "not to interfere in the work of the Political Bureau and not to do what each of them deems right." Zhao Ziyang is updating his policy-making ideas, paying close attention to enterprise mechanism, the financial link, and market conditions. The egalitarian distribution system in force for several decades has led to a "share-the-benefits" mentality among the country's citizens. This is a major obstacle to the current reforms. Zhao Ziyang gave the green light to the rerun of "Death on the River" at his own risk and Bao Tong told "radical people" to stop before going too far. At a symposium sponsored by the Academy of Sciences [name as published], people liked those articles which were written to defend Liu Binyan and Fang Lizhi.

The Five Major Topics for Discussion at Beidaihe Meeting [subhead]

In early July, the weather was hot, there were frequent floods and droughts, prices kept soaring, and the people were increasingly resentful of bureaucratism and corruption. The CPC Central Political Bureau meeting scheduled to be held in Beidaihe in late July was not held because of disagreement among its members. However, high-level CPC leaders let their aides remain in Beidaihe and continue with their discussions. Meanwhile, Zhao Ziyang, Hu Qili, and others went north to conduct an inspection tour of Heilongjiang and Harbin; Chen Yun and others made an inspection trip to Shandong and Shanghai; Deng Xiaoping, Yang Shangkun, Wan Li, Bo Yibo, and others continued to enjoy themselves in Beidaihe, a summer resort; and Li Peng, Yao Yilin, Tian Jiyun, and others were in Beijing handling routine affairs. In early August, all high-level CPC leaders and some Central Committee members gathered in Beidaihe and held the Tenth Plenary Session of the CPC Political Bureau from the 15th to the 17th.

Before this session, a preparatory meeting was held to prepare the proposals to be submitted to the plenary session for discussion. The main topics for discussion at the Tenth Plenary Session of the CPC Political Bureau included: 1) The plan to carry out price and wage reforms by stages in the next 5 years; 2) The outline plan for the transformation of ideological and political work and the draft proposal for strengthening ideological and political work at enterprises; 3) a "law on clean government"; 4) the drafting of documents for the Fifth National Congress of Chinese Writers and Artists and preparations for the theoretical symposium marking the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee; and 5) documents concerning

the establishment of the public service system. In addition, the question of how to view the current situation was also a matter of concern among high-level CPC leaders.

At Beijing's institutions of higher learning, a hot topic for discussion among students was the question of bureaucratism and corruption. Earlier this year, because of student unrest, Beijing University was subject to pressure. People are still trying to ferret out the "behind-the-scenes manipulators." Therefore, the university's growing resentment also received much attention at the Beidaihe session. In late August, the State Education Commission even planned to call a conference on university ideological and political work to prepare for emergencies that may arise after the students return to the universities after their summer holiday. Judging by the information collected all over the country and conveyed to the Beidaihe session, one can say that the people have the following two major feelings: First, they are extremely angry at the ineffective control over the soaring prices. The practice of "going slow" at enterprises is already affecting the fulfillment of production tasks by various industrial departments. Second, the people have become fed up with the bad bureaucratic styles and corruption. In Shaanxi, Shandong, Henan, Sichuan, and other parts of the country, some people have pasted up on walls of public buildings handbills and big-character posters criticizing bureaucratism and corruption. The problem of how to reconcile these contradictions has aroused the attention of high-level CPC leaders.

Zhao Ziyang Gives the Green Light to "Death on the River" [subhead]

At the same time, since the CPC is too busy to control the ideological and theoretical circles, they have become animated again. Wang Ruoshui published a multi-part article in Shanghai's WEN HUI BAO criticizing Lenin's philosophical views and Mao Zedong's views on literature and art. In addition, Beijing's JINGJIXUE ZHOU-BAO [ECONOMIC STUDIES WEEKLY] and Shanghai's SHIJIE JINGJI DAOBAO [WORLD ECONOMIC HERALD] have published articles on understanding anew modern capitalism and the complete transformation of "public ownership" into "joint ownership [gong you zhi 0364 2589 0455]." An interesting thing is that in late July, the Academy of Social Sciences of China held a large symposium in Beidaihe on the question of "Chinese intellectuals." The articles submitted to and read at the symposium have a strong "rebellious" character. The people attending the symposium really liked those articles written to defend Liu Binyan and Fang Lizhi. Some articles on improving the status of intellectuals even touched on the question of the current social and political systems and expressed incisive views calling for the rectification of such mistakes as "the elimination of spiritual pollution" and "the campaign against liberalization." The authorities were taken by surprise.

In the meantime, Zhao Ziyang decided personally on a rerun of "Death on the River" by CCTV, thinking that this television drama could lead to the further opening of the country. It is said that his political secretary Bao Tong had a lot to do with this. Some of his "radical" friends asked him to persuade Zhao Ziyang to allow them to publish in XIN GUANCHA [NEW OBSERVATION] a piece of reportage on the true story of the 1959 Lushan Conference. He told them to stop before going too far, saying that Zhao Ziyang had already taken the risk by giving the green light to "Death on the River." If the situation is reversed, things would become difficult. A similar case was that an article entitled "Question and Answers on 'The Tempest at Shekou'" was published in RENMIN RIBAO to report how Li Yanjie [2621 3601 0267] and Qu Xiao [2575 0876], "leftists" and "moralists" propped up by Hu Qiaomu, Deng Liqun, and their like, were challenged by young people at Shekou when they were trying to "indoctrinate" people there. RENMIN RIBAO's purpose in publishing this article was to respond to Zhao Ziyang and Hu Qili's new idea of "transforming ideological and political work" and to encourage extensive discussion in society. However, some of the higher authorities had fears and were worried that this might lead to resentment among "political elders" and other social consequences. Therefore, they ordered RENMIN RIBAO to put an abrupt end to the discussion concerning this report.

The recent political situation in China can be described as being dominated by the contradictions between tightening and becoming more liberal. The prestige of the ruling party and the government has declined somewhat.

Two Types of Political Pressure on the Reforms [sub-head]

From the information leaked out from the Beidaihe session, it seems that there were no clashes at the session because differences were basically settled (by means of compromises) in advance. Deng Xiaoping admonished the new and old statesmen around him: "Unity must be stressed particularly at times like this. The old comrades must not try to interfere in the work of the Political Bureau. They can express their views. However, they must not simply do what each of them deems right." Undoubtedly Deng Xiaoping supports Zhao Ziyang's work.

A friend of the author of this article, who is familiar with the situation, told the author that Zhao Ziyang at present feels two types of political pressure on the reforms: On the one hand, the failure to effectively contain price increases is affecting the fundamental interests of the majority of people. In China, the egalitarian distribution system in force over the past few decades has led to the mentality of "sharing all benefits" among the people. People can tolerate inadequacies but not uneven distribution. Therefore, as soon as distribution shows differences and, as a result, leads to price fluctuations, the majority of people within the low-income bracket will

naturally resist the price reforms. Closely related to this sentiment is the fact that there are officials who abuse their power by trying to obtain economic benefits for themselves and their children before the majority of people can enjoy them. Corruption worsens as a result and yet these officials are never really punished. Therefore, the people are extremely angry about this. Many people with these sentiments have serious doubts about the current government's competence and its reform policy. This gives "leftist" forces, which are for the restoration of the old ways, an opportunity to revive and prevail again. Some old people on the Central Advisory Commission more frequently criticize the current CPC Political Bureau.

The other type of pressure is: Those who strongly favor speeding up the political and economic structural reforms think that China missed two opportunities in 1985 and 1987 to carry out price and wage reforms. For example, they think that China was perfectly able to initiate these reforms in 1985. However, the policymakers at that time did not take this opportunity to do so. Rather, they started the struggle "against liberalization" in 1986, which was an inopportune time, thus damaging the political basis for the reforms. However, at present, conditions are not ripe for the price and wage reforms, the economic conditions are deteriorating, the appropriate political conditions are non-existent, and an effective way to dissipate the people's growing resentment at the government has yet to be found. Thus, the price and wage reforms must not be confined to the economic field and they should be carried out simultaneously with the political structural reform. At present, it is important to make government activities public and open, to enhance the role of news media and public opinion in supervising and criticizing government activities, to formulate laws, regulations, and systems, and to eliminate corruption. This type of pressure is to a certain extent greater than the other type. The reason is simply that the tasks implied go beyond the reform plans devised by CPC policymakers. The political structural reform steps Deng Xiaoping and Zhao Ziyang envisage are as follows: First, party functions will be separated from government functions. Second, a public service system will be established. However, since the separation of party functions from government functions has not yet led to the emergence of a definite political pattern and heads of governments at various levels are still directly controlled by the ruling party but not elected by people's congresses, the establishment of a public service system does not have immediate practical significance. It may not even be able to meet the political needs that will arise after the introduction of the price and wage reforms.

Zhao Ziyang Updates His Policy-Making Thinking [sub-head]

Zhao Ziyang has somewhat changed his policy-making thinking, facing the two pressures as mentioned above. In late July, when he inspected Heilongjiang, he mentioned: The successes of wage and price reforms depend

on the deepening of comprehensive reform. He believed that, it would be very difficult for price reform to fulfill its expected goal without the coordination of the comprehensive reform, including the political reform to match it. Regarding what problems are to be resolved in political reform at present, Zhao Ziyang has come to a new understanding, and believed that there are two conspicuous problems: "The nonseparation of the government and enterprise and the unhealthy tendencies in the style of party and government organs." According to his political secretary, Bao Tong, to resolve these two problems, first, it is necessary to further restrict the power of the government in intervening with enterprises and social life; second, it is necessary to set up complete and healthy democratic supervising organs; and third, it is necessary to formulate relative laws and regulations to make government affairs transparent and to guarantee honesty of government workers. The above-mentioned understanding of Zhao Ziyang was somewhat embodied in the current Beidaihe conference. Special discussions on the above-mentioned two pressures were unfolded at the conference, and the participants came to the conclusion that to prevent possible turmoils, various policies to cope with emergency situations should be formulated. "The Law To Cope With a State of Emergency" in drafting is likely to be submitted to the NPC for its discussion and adoption.

Zhao Ziyang Attaches Importance to Three Major Issues [subhead]

The State Council decided to lift the control over prices for famous-brand cigarettes and wine in early July. This could be largely regarded as a sounding for the presentation of the plans for price and wage reforms. Opinions differ on the actual effects of such sounding among personalities of the economics circles on the mainland. An increasingly greater number of people found that the lifting of price control alone is not enough to stimulate enterprises' economic results, nor is it sufficient to improve the confusion and loss of control in the circulation area.

One of the three problems that have roused Zhao Ziyang's attention was the enterprise mechanism. Zhao Ziyang believed that, with the lifting of price control, if the reform of enterprise mechanism is not conducted, with a failure to improve economic results and weak consumption, then production costs will increase with the price hike. As a result, a considerable number of enterprises will transfer their production costs to the consumers, while the irrational price structure will surface again at a higher level, and the effects of price reform will come to naught. Zhao Ziyang called such a phenomenon "the recycling of price parity." This is what he has stressed recently on more than one occasion, and one of the chief causes that he has refrained from presenting his plans for price and wage reforms in haste. It is said that Zhao let his think tank draft several plans for price reform, but he killed all the plans one by one. He pointed out that none of the plans have touched upon

the basic issue, the reform of the enterprise mechanism. At present, some people have proposed to Zhao Ziyang that the implementation of "the contracted profit responsibility system" in large and medium-type enterprises be changed to "the contracted production cost responsibility system," and the stepping up of the implementation of the joint-stock system in enterprises, to further relieve enterprise's dependence on the government, to promote the complete separation of the government and the enterprise, and to set up the property ownership market to promote the circulation and transfer of production essentials. Zhao Ziyang has attached importance to this plan. It is believed that the general design of price and wage reforms will be based on this starting point. Another question is related to the financial link. Zhao Ziyang emphatically pointed out that the general principle for issuing currency in the future is to tighten currency through the banks, reduce the scope of capital construction and the number of inferior products, promote the structural transformation of enterprises, and ensure that the basic facilities and working funds of the efficient enterprises will not be affected. As the functions of mainland banks are overcentralized, the banks have not yet become enterprises, and their economic binding force is weak, their ability to deal with policies exceeds their ability to deal with the market. Consequently, the policy of tightening currency may lead to strict control over the efficient enterprises, while the government departments that have control over enterprises may obtain large amounts of capital from the banks through various channels, resulting in the complication of the reckless issue of currency and economic recession.

Because inflation is not yet under control and the inhabitants have rushed to withdraw their money from the banks, the banks have had to issue more currency to fill in the gaps. In mid August, the Bank of China was compelled to adopt an emergency measure increasing the interest rate for the sake of maintaining its position. However, the results are still unpredictable. To keep inflation under control, the method offered by the current Beidaihe conference is: In the next year capital construction should be curtailed by 50 billion yuan, there will be 4 to 5 million tons less in the supply of rolled steel, large enterprises and the state's key construction projects will issue shares to absorb the idle funds, the assets of medium and small size enterprises will be sold by auction to individuals for operation, the pace of housing commercialization will be accelerated, and group purchases will be limited by 30 percent. As these measures have been proposed time and again over the years, it is still a question of whether they will work or not. Yet another question is related to market conditions. It is noticeable that the development of the current market on the mainland is quite abnormal and market information is in a state of confusion. As a result, enterprises do not know what course to follow. Because of the existence of the "two-tier system" and powers abused by large numbers of the government-related intermediate enterprises in speculating in the circulation

channels and forcing up the prices of ordinary commodities, the prices of the sought-after products are concealed by the ordinary "price increases." As a considerable number of large and medium size enterprises have the powers of "fluctuating along with market changes," instead of concentrating their energy on attaining better economic results, they store goods at one time and dump them at another, shifting the burden onto the market. As a consequence, the market has no binding force on enterprises. According to the mainland statistics department, since the beginning of this year the majority of large and medium size enterprises have not yet fulfilled the mandatory production quotas, large numbers of products are circulated to the chaotic market through the "market track," and there is a lack of means adopted by the state to keep prices down and regulate the market.

The Role of the Conference Has Yet To Be Tested
[subhead]

At the Beidaihe conference the CPC has decided to put the stress on lifting the restrictions on the prices of industrial capital goods and most of the products. In addition, the purchase price of farm and sideline products will not increase by a wide margin in the coming year. Since the issue has led to a heated dispute, the specific scheme is still under examination.

The Beidaihe conference adopted in principle the initial plan for price and wage reform. To implement this plan, a 14-topic scheme has been drafted for the departments of the State Council to follow while working out specific plans. The 14 topics include: 1. Curtail investment in capital construction; 2. Cut down group purchases; 3. Strengthen management over the market of rolled steel; 4. Strengthen management over the grain market and stabilize prices in urban areas; 5. Increase the interest rates and stabilize finance and savings; 6. Reduce the export of commodities that are in short supply in the domestic market and reduce the import of similar sought-after commodities; 7. Make a study of the extent of prices to be increased for the purchase of farm and sideline products; 8. Eliminate the intermediate links in the supply of capital goods for farming purposes; 9. Speed up the pace of housing reform and realize housing commercialization; 10. Deal sternly with government-related commerce and companies where the functions of government are not separated from those of enterprises; 11. Combat extravagance and waste and work out a series of detailed rules and regulations including no cigarettes provided for any official reception in the future; 12. Keep deficits under control and divide the proportion of financial distribution between the central and localities; 13. Accelerate the pace of enterprise mechanism reform; and 14. Transform ideological and political work and increase publicizing reform.

Personages of insight in Beijing hold that the orientation of reform has become clear as the Beidaihe conference has reached a common understanding of the principle for price and wage reform and decided that the relevant

departments work out specific plans for implementation. Regarding the 14 specific topics, however, most of them are platitudinous remarks mentioned in previous reforms which are easy to understand but difficult to implement. Moreover, the conference did not make any encouraging policy decision against bureaucracy and corruption which the masses have complained about the most. Hence, the significance and role of the Beidaihe conference has yet to be tested by practice. The people have placed their hopes on an operation taken on inner-party corruption at the 3d Plenary Session of the 13th CPC Central Committee and the central work conference to be held in September.

Yang Shangkun's Stamina Noted on DPRK Trip
OW1109211788 Beijing XINHUA Domestic Service
in Chinese 1441 GMT 11 Sep 88

[Newsletter by XINHUA reporter Li Nengqing:
"Random Notes on President Yang's Visit to Korea"]

[Text] Pyongyang, 11 Sep (XINHUA)—"President Yang Is Really Physically Strong" [subhead]

At 1530 on 7 September the special train that took the Chinese party and government delegation headed by 82-year-old President Yang Shangkun to the DPRK stopped smoothly at the Pyongyang railway station. Proceeding from the railway station to the Paekhuawon Guesthouse where he would stay, Yang and his party were warmly greeted by hundreds of thousands of bouquet-wielding Pyongyang residents lining both sides of the boulevards a distance of 10 kilometers. Along the way President Yang kept waving to the well-wishers thanking them for the warm welcome they accorded him and his delegation. President Yang arrived at the guesthouse at 1630. After 25 hours of travel since departing Beijing at 1530 on 6 September, even the young people in the entourage felt tired. His aides urged President Yang to lose no time in taking a rest because, according to the Korean side's arrangements, he had to lay a wreath at the mausoleum of Korean martyrs at 1730. President Yang said, with great vigor: "I'm not tired."

After a short rest President Yang went to the Chuchuk Peak of Taesongsan to lay a wreath at the mausoleum of Korean martyrs. After the ceremony President Yang stood at the peak, which is Pyongyang's commanding elevation, and enjoyed the panoramic view of Pyongyang. Noticing that the newly completed Ryogodo Stadium looks like a lily in full bloom in the middle of the Taedong River, President Yang said: "This is a good spot" (referring to the location of the mausoleum).

Then President Yang went to the northern side of Mudongsan in Pyongyang to lay a wreath at the Korean-Chinese Friendship Monument. Two narrators opened a marble box and showed President Yang a well-kept register containing the names of regimental and higher ranking officers of the Chinese Volunteer Army who died in the war. After leafing through the register, Yang

solemnly told Chong Chun-ki, vice premier of the Korean Administrative Council: "I thank the Korean people for having done something very meaningful for the Chinese people."

It was almost 1900 when President Yang returned to the guesthouse. President Yang took a walk outside the guesthouse at 2030 and talked cheerfully with his aides. At 2100 he returned to the living room to watch a Korean television news broadcast. Both Chinese and Korean comrades were glad to see that President Yang was in such good health. Korean Vice Foreign Affairs Minister Pak Ui-chun, who made a special trip to Sinuiju to greet President Yang, said excitedly: "President Yang is really physically strong!"

President Yang Is Interested in News [subhead]

As a state president, President Yang paid great attention to news broadcasts, notwithstanding his busy schedule on the trip. According to his aides, President Yang made it a practice to read the major international news—or asked his secretary to read it to him—every evening at the guesthouse. He also made it a practice to listen to the domestic news broadcast every morning.

On 10 September, President Yang and President Kim Il-song had a small meeting at the Paekhwawon Guesthouse. After seeing off President Kim, President Yang had cordial, informal talks with Chinese reporters accompanying him on the trip and Chinese reporters permanently stationed in Korea. After inquiring into the details of how they reported the celebrations of the 40th founding anniversary of Korea, he said: "News reporting is very important, and reporters' work is hard. In order to get news quickly, you have to race against time. This is no easy job at all." When he had a photo session with the reporters, he said to the photographer: "Make sure the picture will come out!" Everybody laughed.

Shortly after the special train passed the Fengrun Railway Station in Tangshan during the journey from Beijing to Pyongyang, President Yang granted an audience to the reporters accompanying him. He talked to them about the importance of Sino-Korean friendship and his friendship with President Kim Il-song over the past 40 years and more, and instructed the reporters to do a good job in covering the trip.

Prior to his departure for home on the morning of 11 September President Yang accepted an interview with reporters from KCNA, a Korean radio station, and three newspapers. During the interview with the Korean reporters he talked about Sino-Korean relations and China's stand on the Korean peninsula. After the interview President Yang shook hands with each of the Korean reporters and asked them to convey his thanks to the people in Pyongyang.

State Council Names Ding Guangen to New Post *OW1109130988 Beijing XINHUA Domestic Service in Chinese 1138 GMT 10 Sep 88*

[Text] Beijing, 10 Sep (XINHUA)—The State Council on 25 August appointed Ding Guangen as member and vice minister of the State Planning Commission and concurrently director of the Taiwan Affairs Office of the State Council.

Deng 'Insisted on Appointment' *HK1209012388 Hong Kong SOUTH CHINA MORNING POST in English 12 Sept 88 p 1*

[By Seth Faison in Beijing]

[Text] China's former Railways Minister, Mr Ding Guangen, a close associate of senior leader Deng Xiaoping, has been named vice-minister of the influential State Planning Commission.

Overriding widespread opposition from other leaders who objected that Mr Ding's background in economics was limited, Mr Deng insisted on the appointment to counter recent attacks on aspects of his aggressive reform program.

Mr Deng's ability to secure a top economic posting for Mr Ding, a favourite bridge partner of the top leader, was an indication that Mr Deng still exercised the final word in economic and political issues, he said.

Mr Ding, 59, who resigned as Minister of Railways in March following a series of bad train accidents early this year, was also named director of the Taiwan Affairs Office in the State Council.

He will continue in his role as an alternate member of the Politburo.

The State Planning Commission advises China's Government on economic matters.

It is headed by conservative Vice-Premier Yao Yilin, who in recent months has reportedly gained influence in economic affairs at the expense of Communist Party chief Zhao Ziyang, another of Mr Deng's top allies.

Mr Yao and his no-nonsense approach to economic policy has apparently received strong backing from party elders alarmed at the high rate of inflation and other signs of growing economic instability.

Mr Yao, to whom even Prime Minister Li Peng is said to defer on economic matters, was strongly opposed to Mr Ding's appointment.

Before this year's National People's Congress, Mr Ding was said to have been in the running for a promotion to vice-premier.

But in March he was forced to resign from his Railways Ministry taking the blame for two train collisions in northwest Heilongjiang Province on January 17 and February 1 that killed 29 people, plus the derailment of a Shanghai-Kunming express in southwest Yunnan that left 88 dead and 196 injured.

On March 24, 29 people—most of them Japanese school children—were killed near Shanghai.

First Weather Satellite Functioning Well

OW1209114588 Beijing XINHUA in English
1130 GMT 12 Sep 88

[Text] Beijing, September 12 (XINHUA)—China's first meteorological satellite, "Fengyun No. 1", is working well since its launching five days ago, Luo Jibin, deputy director of the State Meteorological Administration, announced here today.

Its pictures of convective cloud clusters, sea fog, rainfall cloud clusters, tropical cyclones and related cold fronts are clear, he said.

According to Luo, the satellite orbits the earth 14 times a day in a sun-synchronous orbit at an altitude of 900 km.

The FY-1 meteorological satellite is composed of five subsystems: the satellite, the launch vehicle, the launch site, the test control system and the ground receiving and processing system. The main sensor aboard the FY-1 is a visible and infrared scanning radiometer with five channels which can scan the earth six times per second; the scanning swath is 3,000 km.

He said China has decided to publicize the data from the satellite to the world and broadcast the daily orbit bulletins via the global telecommunications system to the countries concerned.

The deputy director also appealed for joint efforts by meteorologists on both sides of the Taiwan Straits to develop new satellites and share data.

'Long March' Carrier Rocket Developed in Shanghai

OW0909123088 Beijing XINHUA in English
0617 GMT 9 Sep 88

[Text] Beijing, September 9 (XINHUA)—The "Long March No. 4" carrier rocket, which sent China's first meteorological satellite into space Wednesday, was manufactured by the Shanghai Astronautics Bureau, the "GUANGMING DAILY" reported today.

The rocket was the first three-stage rocket designed and made independently by the Shanghai Bureau, the paper wrote.

The bureau and attached factory have contributed to the launching of 11 of the 24 satellites so far launched by China.

The bureau began carrying out research on the carrier rocket in 1970. In 1975, with the help of other units, the bureau developed the "Fengbao (Windstorm) No. 1" Rocket.

Since 1977, the bureau has been working on the design and development of the "Long March No. 3" carrier rockets.

The newly developed "Long March No. 4" is suitable for the launching of satellites into different orbits and from different launching centers, especially for the launching of satellites in the solar-synchronous orbit, the paper reported.

Rocket To Go on World Market

OW1209113788 Beijing XINHUA in English
1119 GMT 12 Sep 88

[Text] Beijing, September 12 (XINHUA)—The "Long March No. 4" Carrier rocket, which was used to launch China's first meteorological satellite five days ago, is ready to launch satellites for foreign partners, Sun Jiadong, vice-minister of aeronautics and astronautics, announced here today.

The first successful launching of the experimental meteorological satellite by the newly developed carrier rocket, he said, has demonstrated its reliability and suitability for launching satellites for foreign partners.

The multi-use carrier rocket which uses standard fuels is 41.9 meters in length with a lift-off thrust of 300 tons. The rocket has the capability of sending a payload of 3.8 tonnes to a height of 400 kilometers and a trajectory of 70 degrees.

According to Sun, the rocket utilizes new technology in its motor, guidance, stabilization and survey systems and can be adapted to launch various types of satellites from a variety of launching centers.

The "Long March No. 4" Carrier rocket, he said, can be put into large satellites and can launch two satellites once. It is primarily used to launch medium sized, low orbit, ground observation satellites, including the sun-synchronous orbit satellites used in meteorology, ocean observation and resources inspection.

Satellite Launch Price To Increase

HK1209092288 Hong Kong AFP in English
0838 GMT 12 Sep 88

[Text] Beijing, Sept 12 (AFP)—China plans to raise its launch price for foreign commercial satellites but the cost will still be less than those offered by rivals in the United States and Europe, a senior Chinese official said Monday.

Aerospace Industry Vice Minister Sun Jiadong told Agence France-Presse that the higher cost would reflect an ability to make only four Long March rockets a year for commercial launches as well as changing requirements among customers.

"When the Long March family of launch vehicles is offered on the international market, the price will be adjusted to increase," he said. But Mr. Sun added that the revised cost would still be less than charged by China's competitors—the United States and Western European space programs.

The Foreign Ministry expressed Saturday China's willingness to review its prices after the United States tentatively decided to permit the export of U.S.-made commercial satellites to China for launching.

Final approval depends on Washington and Beijing drawing up an agreement to prevent the Chinese from cost-cutting and to ensure that foreign satellite technology is not used in an unauthorized manner.

Mr. Sun declined to say exactly how much China would charge to put a foreign satellite into orbit, pleading the highly competitive atmosphere in the international space industry.

But he reiterated that China was not seeking excessive profits and rejected claims by rivals that Great Wall Industrial Corp., which markets commercial space launches, was state-backed. "They say it is subsidized by the government. In reality, it is not," he said.

Mr. Sun was speaking after a news conference where the State Meteorological Administration said it would share data collected by its first experimental weather satellite, Fengyuan-1, with other nations.

Lou Jibin, the agency's deputy administrator, said the box-looking satellite was "completely designed, made, launched and operated by China" and was expected to remain in orbit for six months. Mr. Lou said China would continue to use data from U.S. and Japanese satellites to produce its weather forecasts.

Fengyuan-1 was launched atop a CZ-4 rocket, the latest in the Long March series. Mr. Sun described the new rocket as a Long March CZ-3 modified to carry satellites to altitudes lower than those required for geostationary orbits.

State Council Issues New Regulations on Cash Use
OW1209133988 Beijing XINHUA in English
1255 GMT 12 Sep 88

[Text] Beijing, September 12 (XINHUA)—The State Council issued a new set of regulations governing cash use today.

The "Provisional Regulations on Cash Administration," discussed and approved by the State Council in August, is to go into official effect October 1.

The aims of the regulations are defined as "to promote commodity production and circulation, and tighten control on socio-economic activities".

To this end, banks have been endowed with the power to enforce the regulations on state departments, social organizations, Armed Forces units and enterprises which have bank accounts.

Enterprises, institutions and individuals are now encouraged to settle through transferring accounts, the regulations say, adding that this will thus reduce the use of cash.

Exchanges between account units must, in most cases, be settled through transferring accounts between the banks concerned, according to the regulations.

However, cash use via banks is allowed for the payment of wages, bonuses and remunerations; prizes for achievements in science and technology, arts and culture, and sports; and expenditures for welfare and purchasing of farming products and other goods under the regulations.

But state-controlled commodities cannot be paid for in cash, and should be settled through transferring accounts.

The regulations also rule that cash revenues of the account units should be sent to the banks concerned on the same day when the money is received.

Loans for individual producers and traders and rural contract-responsibility households should also be paid by transferring accounts.

Account-transfer certificates are equal to cash payment, the regulations say, adding that money orders and checks must be accepted by all.

The banks concerned have also the right to decide the cash needs of account units over a period ranging from three to five days.

Banks can also punish account units which break the rules, the regulations say. Meanwhile banks must improve their services to facilitate the enforcement of the rules.

According to the State Council, as soon as the new regulations go into force, the "Decisions Concerning Cash Administration" of 1977 naturally expire.

Commentator on Punishment of Speculating Officials
HK1009025688 Beijing RENMIN RIBAO in Chinese
3 Sep 88 p 1

[Commentator's article: "Resolutely Punish 'Speculating Officials'"]

[Text] Today RENMIN RIBAO published a letter from some employees in Shanghai nonferrous metal undertakings and a report by our reporter on the Yizheng aluminum products factory that stopped operating due to the shortage of raw materials. The letter and the report expose the activities of "speculating officials" that took place behind the scenes. People are indignant at these activities.

"Speculating officials" arising over the last few years abuse their powers for speculation in all sorts of commodities, ferrous and nonferrous metals, timber, agricultural chemicals, chemical fertilizers, motor vehicles, color television sets, and refrigerators. They even resell import permits and other documents. In short, they speculate in whatever has fallen short of supply and in whatever is profitable. This has caused sharp price rises and market fluctuations and has brought production in many factories to a standstill. If this is allowed to continue, it will be difficult to proceed with our reform.

"Speculating officials" have made big money from their speculation but have caused serious harm to consumers, producers, and the state. Consumers hate "speculating officials," as do producers. The CPC Central Committee and the State Council have made up their minds to punish "speculating officials." The 10th meeting of the CPC Central Committee's Political Bureau pointed out that it is necessary to separate government administration from enterprise management, to make a demarcation between government offices and commercial organizations, and to punish those who engage in bribery and extort profits. It is high time that government organs as well as price control, industrial, commercial, and law enforcement departments took action against "speculating officials."

The key to curbing "speculating officials" is to be bold in dealing with them. Some departments and their employees hate "speculating officials" but at the same time are afraid of them and dare not offend them. This is not because "speculating officials" have lots of commodities but because they have power and backing. This situation is quite abnormal. Which of our rules and regulations allow them to engage in speculation? "Speculating officials" must be investigated and dealt with. In this respect, leading organs and law enforcement departments are required to take an impartial and incorruptible attitude in exercising law. They should be bold in dealing with both small and big "speculating officials."

Practice has proved that to do a good job in price and wage reforms, it is necessary to provide a good economic environment and order. Otherwise, all measures will be

distorted as soon as they are formulated, or they will produce negative effects. "Speculating officials" are one of the factors ruining the economic environment and confusing the economic order. "The crisis in the state of Lu will not be over until Qing Fu is done away with." No stability can be realized in factories or in the country until "speculating officials" have received due punishment. The people are expecting action from us in dealing with "speculating officials."

Zhao Ziyang Biography Published in Hong Kong
HK1209121288 Beijing ZHONGGUO XINWEN
SHE in Chinese 1212 GMT 8 Sep 88

[Text] Hong Kong, 8 Sep (ZHONGGUO XINWEN SHE)—"Zhao Ziyang's Biography" started its publication and circulation here today.

The author of "Zhao Ziyang's Biography" is Zhao Wei, 34-year-old assistant researcher in the Modern History Research Institute of the China Academy of Social Sciences. In 1982 Zhao Wei won a doctor's degree of law in the International Politics Department of Beijing University. Zhao Wei's books include the "Storm in the Long March."

In the preface to the book Zhao Wei wrote: "The first influential biographies of Mao Zedong, Zhou Enlai, Zhu De, and Deng Xiaoping were all written by Western authors. Chinese, Chinese authors, and Chinese biographical literature have done nothing in describing leading figures.... I am of the opinion that the biographies of Chinese leaders should be written by Chinese authors. This is an unshirkable responsibility of people in intellectual circles in China, and of people in literary circles in particular."

"Zhao Ziyang's Biography" starts with Zhao Wenbin's family, a peasant family in Zhao Village, Sangcun Township, Huaxian County, Henan Province, where Zhao Ziyang was born on 17 October 1919, and ends with Zhao Ziyang's election as CPC General Secretary at the 1st Plenary Session of the 13th CPC Central Committee in November 1987. The book consists of 12 chapters, 282 pages, and 34 valuable photographs of Zhao Ziyang.

"Zhao Ziyang's Biography" is published by the Hong Kong Cultural and Educational Publishing House and circulated by the China Bookstore. The English language edition will be published soon.

New Book on Laws, Regulations Slated
OW0909135188 Beijing XINHUA Domestic Service
in Chinese 1217 GMT 6 Sep 88

[Text] Beijing, 6 Sep (XINHUA)—Since the State Council decided to publicly promulgate administrative laws and regulations by issuing decrees instead of documents, all localities and departments have been in urgent need of standard versions of the newly promulgated laws and regulations. To meet their needs and work requirements

in various fields, the Legislation Bureau of the State Council has decided to compile a "Collection of New Laws and Regulations of the People's Republic of China," which will be published by the Xinhua Publishing House and distributed at home and abroad by Xinhua bookstores. According to the plan, four volumes will be published each year, one for each quarter.

To ensure accuracy, all laws and regulations to be included in the "Collection of New Laws and Regulations of the People's Republic of China" will be the original versions at the time of approval. State organs at all levels as well as social groups, enterprises, institutions, public security, procuratorial, and law departments, administrative and law enforcement departments, and arbitration organizations may use them as the standard versions of laws and regulations in carrying out their work.

Commentary Urges Safeguarding Academic Freedom
HK0909101988 Beijing GUANGMING RIBAO
in Chinese 28 Aug 88 p 1

["Weekly Commentary" by Tan Jian (6223 0256): "Safeguard Citizens' Academic Freedom"]

[Text] Safeguarding the citizens' academic freedom has a bearing on the development of sciences in a country. Sciences are certainly underdeveloped in a country without academic freedom. The backward state of scientific studies in such a country will definitely lead to backwardness in economy and politics. Therefore, the safeguarding of academic freedom is of great importance.

Academic freedom consists of freedom in three aspects. First, the freedom for the researcher to decide on the content of his academic study. All kinds of doctrines, theories, hypotheses, systems, laws, policies, and so on can be taken as areas for academic study. And the selection of areas of study shall be subject to no restriction or prohibition. The principle of "no forbidden zone and no pinnacle for scientific studies" must be implemented earnestly. This rule has been proved by history both in China and abroad. In Medieval Europe, the doctrine of Christianity dominated people's thinking, and nobody was allowed to present any scientific discoveries that went counter to this doctrine. So social development was tremendously fettered. Some countries which banned the study of law also consequently suffered great losses. In fact, fettering the development of sciences with any doctrine is a very stupid practice. The state should actively support and vigorously encourage the study of sciences and assure scholars of full academic freedom. Academic freedom should be protected both by laws and measures. Second, the freedom of upholding academic views. As a kind of highly exploratory activity, scientific research inevitably involves different views. To verify which view is correct, one must rely on objective practice rather than arbitration by state officials or administrative orders. Whether a scientific view is true does not depend on the standing of the person

who holds it. Nowadays, there are more than 2,600 branches of learning. No leading official can have a good command of every branch. In fact, every official knows little about most branches of learning. If only one's standing is taken as the qualification for one to judge which academic views are correct and which are incorrect, then serious mistakes will be made and losses will be incurred by the state and the people. In the past several decades, many people in China were persecuted because of different academic views and, consequently, both the state and the people have suffered great losses. This was related to our failure to respect the citizens' academic freedom and to safeguard scholars' legitimate rights prescribed by the Constitution. We should draw a bitter lesson from this and resolutely safeguard academic freedom for scholars. Third, the freedom to publish findings of academic research. So long as the content published is in keeping with the Constitution, no restriction should be placed, no censorship should be conducted, and the full right should be granted to researchers to publish their findings. The freedom of publishing the findings of academic research includes the freedom to give lectures, in other words, the freedom to publish the findings of academic research through lectures. In addition, this freedom also implies that scholars shall not be subject to persecution or other unfavorable treatment because of publication of their academic views and findings.

Article 47 of the PRC Constitution provides: "Citizens of the PRC have the freedom to engage in scientific research, literary and artistic creation, and other cultural pursuits. The state encourages and assists creative endeavors conducive to the interests of the people that are made by citizens engaged in education, science, technology, literature, art, and other cultural work."

Although the Constitution has clearly defined academic freedom for citizens and scholars, the exercise of this freedom has often been interrupted in actual operation. So academic development has naturally been hindered.

Academic freedom must be safeguarded by political democracy. Political democracy is the basis for academic freedom. As the masters of the country, the people have the right to study and discuss the state's politics. If the people are prohibited from discussing and studying the state's politics, then this state is not practicing democratic politics. A state practicing real democratic politics must safeguard the people's rights to discuss, study, and examine political affairs. As people, scholars not only have the right to study academic issues but also the right to study political and social issues. The practice that bans people from studying political issues but allows them to study only academic issues violates in itself the principle of democratic politics and goes counter to the academic freedom prescribed by the Constitution. Furthermore, the subjects of study in many branches of social science are political issues. For example, political

science, the science of administration, comparative politics, the comparative study of constitutions, the comparative study of political systems, the comparative study of personnel systems, the study of political parties, the science of leadership, the science of policy making, political sociology, the study of laws, and so on, all of them are studies in the political issues of the state. They are studies in both the academic and political fields which are inseparable. History has already proved that all the mistakes that were made in policy-making after the founding of the PRC were due to violation of rules of social sciences and to the failure on the part of policy-makers to thoroughly understand, study, and practice modern democratic politics. If our policy-makers and scholars have been able to freely study foreign political theories, political systems, the science of government, and policies to enrich the people, draw lessons from foreign countries' positive and negative experience, and step up the development of democratic politics, then we would have been able to avoid detours, our state and people would not have suffered so many losses, and China would have been doing much better in developing political democracy, economy, and science and technology, and in improving the people's livelihood.

By and large, academic freedom can be safeguarded only when political democracy is available; and political democracy can be developing more smoothly only when academic freedom is secured. The two things influence each other and help each other advance.

Tighter Urban Air Pollution Control Urged
OW1209122588 Beijing XINHUA in English
0804 GMT 12 Sep 88 txt

[Text] Beijing, September 12 (XINHUA)—Bringing city air pollution under control is now an urgent task for China, a senior official told XINHUA today.

Qu Geping, director of the State Bureau of Environmental Protection, said that the air quality in Chinese cities is still very poor, although the deterioration has been slowed due to effective measures taken in the past few years.

Examination of air quality in the major 32 cities of the countries indicated that their levels of granules in the air, except in Haikou City, all surpassed the national standard.

The granules in the air mainly come from the burning of coal, industrial dust and other kinds of dust.

Qu said that China will further combine environmental protection work with the phasing out of coal as fuel.

Statistics show that because of control measures adopted since 1980, the volume of sulphur-dioxide in the air of China's cities has decreased steadily every year.

Qu urged factories seriously polluting the air, such as cement plants and steel plants, to use advanced techniques and effective methods to reduce dust and smoke pollution.

The state will also take resolute steps to restrict and gradually abolish obsolete industrial boilers which produce serious pollution.

In 1987, 60 cities in the country set up 190 air pollution control areas.

Now, more than 30 big cities, including Beijing and Shanghai, have established auto-supervision systems against air pollution.

PLA To Wear New Uniforms, Decorations 1 Oct
OW1209110888 Beijing XINHUA in English
1030 GMT 12 Sep 88

[Text] Beijing, September 12 (XINHUA)—October 1 will be a memorable day for Chinese soldiers, sailors and airmen as they don smart new uniforms decked with epaulets designating their new system of military ranks.

On the Chinese National Day, officers and soldiers will begin wearing new insignia, epaulets, service badges and symbols for technical officers that have been officially approved by the Central Military Commission.

Major newspapers in the Chinese capital published photos of the newly authorized military ranking symbols today.

The insignias will be formed by a Red Star circled by patterns of pine leaves, wheat sheaves, gears and the Tiananmen gate-tower, with the words "August 1" (Chinese Army Day) at the center.

The Red Star and "August 1" legend are also major patterns for service branch symbols and technical officer badges. Naval badges are embossed with an anchor, the new Air Force insignia includes a wing and the symbol for technical officers is atomic rings circling the Red Star. Officers' shoulder boards designate three grades and 11 classes and the soft epaulets worn by soldiers indicate two grades and seven classes of rank.

The uniforms are divided into formal evening dress for important ceremonies, day dress for daily use and training dress for combat, training and physical labor. New summer and winter uniforms will also be issued. Dress uniforms will be adorned with collar ornaments.

According to the "LIBERATION ARMY DAILY", summer uniforms are open-necked for both officers and soldiers. Male officers will wear dark blue ties and female officers will wear red ties.

"The symbols of rank and new uniforms will give the Chinese Army a completely new look," the Army daily said.

Public Incapable of Absorbing Price Increases

HK0909151388 Hong Kong TA KUNG PAO
in Chinese 7 Sep 88 p 2

[Report: "Beijing Newspaper Discusses Price Reform, Saying That the Residents' Bearing Capacity Is Not Sufficient"]

[Text] Beijing, 6 Sep—A signed article carried in yesterday's JINRONG SHI BAO [Financial Times] contends that price reform should be slowed down. The article said that as things stand in our country, people's capacity to absorb price readjustments is very weak. Conditions for the overall liberalization of prices are absent.

The author gave several reasons to justify his argument that the overall liberalization of prices carries tremendous potential risks:

—An overall price reform cannot be carried out because of inflation. In recent years, inflation has assumed quite serious proportions.

—The amount of money in circulation exceeds the necessary supply. From 1984 to 1987, the total amount of money put into circulation in our country reached 92.6 billion yuan. In the first half of this year, bank deposits dropped. There was a slowdown in the withdrawal of money from circulation, while new money was still being actively supplied. There is no estimating the negative effect brought to bear on reform and development.

—There is no cause for optimism over the state's financial state. An overall price reform calls for a financial guarantee by the state. The state must have an appropriate amount of price compensation money. It must also make financial provisions for the risks involved, thus keeping the price reform out of harm's way. But it is still very difficult for the country to do this in its current financial state.

The article said that in the absence of the necessary conditions, the sudden liberalization of prices will do nothing to help deepen the reform. It is also liable to give rise to various unexpected social problems and even a reversal in the reform.

The article also pointed out that given the concentrated distribution of income, it is impossible to establish a market-based price system. The article said that international experience shows that any country or area that succeeds in its price reform has its system of income distribution based on the market. On the other hand, of all the countries or areas that practice concentrated distribution of income, not one has succeeded in its price reform. Therefore, the problem that confronts us is not

one of which of the two—the price reform and the reform of the system of ownership—should be put first. Instead, the problem to be considered should focus on the mutual relations between market-based prices and the market-based distribution of all income. Thus, a necessary environment based on systems is provided for the price reform, allowing a switchover from a dual mechanism to a unitary one in the deployment of social resources.

Price Bureau Head on Price Policy Disobedience

OW1209033188 Beijing XINHUA Domestic Service
in Chinese 1201 GMT 10 Sep 88

[By reporter Chen Yun (7115 5366)]

[Text] Beijing, 10 Sep (XINHUA)—Tomorrow, 11 September, marks the first anniversary of the promulgation of the "PRC Regulations on Price Control." Speaking at a Beijing meeting today on continuing to publicize and implement the "regulations," Cheng Zhiping, director of the State Administration of Commodity Prices, pointed out that disobedience of orders and prohibitions, nonobservance of law, and failure to strictly enforce the law are prominent problems today.

According to Cheng Zhiping, during the 18-month period beginning in January 1987, price inspection organs in the country handled over 987,000 cases of price violations of all descriptions, and confiscated illegal income and imposed fines totalling 1.5 billion yuan, exceeding the totals of the preceding 3 years.

The director especially criticized problems in these three sectors:

First, certain regions and departments have disregarded the interests of the whole, paid no attention to discipline and regulations governing price control authority, overstepped the power to readjust the commodity price standards set by central and upper price departments, and drawn up their own. For example, some provinces and municipalities have imposed additional prices on urea, whose price is uniformly set by the state; some provinces have ignored the national price ceilings for above-quota production materials; and some provinces have set two prices for the same product—one local price, and one higher price for other provinces—causing certain confusion in price control.

Second, some businesses, during the course of commodity distribution, have disregarded laws and regulations, recklessly raised prices, and resold commodities at higher prices locally. Since all resellers have to make some profit at each resale, they have driven up the prices. Some companies have resold videotape machines six times within the same city, jacking up the price twice as much. A company under a provincial bureau of materials and equipment, immediately after purchasing 60 metric tons of caustic soda, resold the bill of lading eight times, adding price to it each time. Finally it sold

the caustic soda to a paper mill of a county at the price of 1,610 yuan per metric ton, or 1.5 times higher than the original price. In many provinces, the prices of some materials for agricultural production, after they have been resold repeatedly, have been driven up several times higher than the official prices. Some state enterprises, in the name of ensuring "returned profits" [fan li 6604 0448] in sales, or in the name of "investment" and ensuring "returned profits" in joint operations, have increased the prices of their products, overtly or covertly. In scrambling for agricultural goods and non-staple food in short supply, some have paid higher prices for them. Such acts have tarnished the reputation of reform, disrupted the normal order, and seriously infringed upon the interests of the state, the farmers, and the consumers.

Third, some people have substituted law with their authority and instructions. Taking into consideration the financial interests of their own regions and units, they have illegally interfered with price inspection organs' investigation and handling of price violations. Consequently, the handling of many major cases has been delayed or remains unresolved, and some enterprises have been emboldened to challenge prohibitions repeatedly. Some leaders have even openly supported enterprises' wilful price increases, and some local leaders have taken actions to retaliate against those who have the courage to expose the local price violators.

Cheng Zhiping said that if the aforementioned problems are not stopped with powerful measures and are allowed to develop unchecked, price rises will certainly get out of control, undermine the normal economic order, and seriously interfere with the progress of price and wage reforms and economic restructuring.

Cheng Zhiping disclosed that the State Council has decided that, beginning on 1 October this year, a general inspection of tax collection, financial affairs, and commodity prices will be conducted throughout the country.

According to Cheng, the main targets of commodity price inspection will be those who have set and readjusted prices by overstepping their authority, who have disregarded the state's prices or guidance prices, and who have wilfully raised prices, overtly or covertly; those who have resold products produced according to state plan at higher prices as products produced outside the state plan, who have increased prices when reselling major production materials and high-grade consumer goods in short supply, and who have resold, at higher prices, bills of lading, and made profits by engaging in speculative buying and selling; those who have overtly or covertly increased commodity prices in the name of ensuring "returned profits" and "investing" in joint operations; those who have sold commodities produced outside the state plan at prices exceeding the state's price ceilings; and all localities, departments, units, enterprises, and individuals who have recklessly set their own price standards under various pretexts.

Cheng Zhiping urged departments at all levels and their inspection organs to, under the centralized leadership of the local governments, mobilize more manpower to take part in the general inspection.

Expert Says Inflation Becomes 'Major Concern'
OW0909170488 Beijing XINHUA in English
1137 GMT 9 Sep 88

[Text] Beijing, September 9 (XINHUA)—With double-digit price rises in recent months, inflation in China has become a major concern, a leading Chinese monetary expert says.

"The recent decision of the Central Committee of the Chinese Communist Party of China to crack down on inflation with comprehensive measures is very necessary and timely", Yang Peixin said in an exclusive interview with XINHUA.

The foremost thing that China should do is to redress past practices of seeking too high a speed of economic development, said Yang, who was a leading figure of financial research in the People's Bank of China between 1949 and 1980.

Industry grew at a high rate of 17 percent in the first half of this year. At the same time the processing industry, including light, machinery and electronic sectors, rose by 13 to 34 percent.

Yet energy and ran and semi-finished materials went up by only 10.1 percent.

"The growth of the latter cannot keep up with the former," said Yang. "Under these circumstances, if more cash is issued to prop up a high industrial growth, it will lead to poor economic returns and price hikes."

He said two of the important factors causing inflation are the financial deficit and the swelling bank credit. Both are rooted in an overheated investment. To correct this, the investment system should be reformed, he said.

"Although the revenue of the state only accounts for 50 percent of the total, the state still has to shoulder all the key construction projects under the present investment system.

"The more the state spends on investment, the more budget deficit there may be. When there is deficit, the Ministry of Finance has to ask for an overdraft from the central bank and the bank has to issue more currency."

He called for a new investment system under which the enterprises would be responsible for investments for expanding production and local government would chip in to help pay for interregional projects.

In this way, the burden of the state would be reduced and the economic returns improved, he said.

"Since enterprises have begun to work under contracts and localities also have got their quota of revenue, they are capable of the investment."

The swelling credit, another factor in inflation, exists because banks have issued excessive loans for investment and for operation of the enterprises.

To prevent the practice, banks should have quotas for loans and profits and link profits with their payroll so they can be made to be more careful about loans and economic returns, he said.

He noted quotas are now used in banks in Guangdong and Shanghai and the Agricultural Bank of China and felt the practice should be introduced nationwide as soon as possible.

Yang, who once wrote a book, "Inflation in China" in 1947 that strongly criticized the KMT Government's inflation policy, said price reform should be proceeded with great caution.

Price changes should not exceed five to seven percent a year to minimize the effect upon wages and rates of interests.

He said controls on prices were still needed because many commodities are in short supply. To remove controls would cause sharp price increases.

Individual Commerce Develops Rapidly
HK1209115088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0608 GMT 9 Sep 88

Report by reporter Zhou Xiao (0719 2556): "Individual Commerce in China Has Been Developing Very Rapidly"]

[Text] Beijing, 9 Sep (ZHONGGUO XINWEN SHE)—When Chinese residents buy 100 yuan worth of commodities, 20 yuan of it is bought from "individual commercial households."

Of this 20 yuan worth of commodities, most are vegetables, fruit, fish, meat and so on. Of the trades such as restaurants, services, general merchandise supply, haircuts, repairs, and so on, individual commerce has also acquired a fairly large share.

Last year commodity retail sales of individual commerce and individual food, beverage trade reached 95.8 billion yuan, with its proportion in total volume of retail sales of the whole country increasing from 0.2 percent in 1978 to 27 percent in 1987. The development of individual commerce has not only enlivened circulation, but also played a role in purchasing and supplying agricultural and sideline products and small industrial commodities, which cannot be replaced by state-operated, or collective economy.

In China, there are 10.158 million networks of individual commerce, food, beverage trade and service trade, a 56 fold increase over 1978. They have employed 14.76 million persons, 55 times the previous level.

Although individual commercial economy has been developing very rapidly, we should not neglect the factors which might impede its development. At present, due to the fact that industrial, commercial and tax departments are seriously lacking administrative cadres, their management methods for the operation of individual households are very backward. As far as the whole country is concerned, on the average each and every industrial and commercial cadre is responsible for administering 1,700 households. On the average, each and every basic-level tax cadre is responsible for handling the tax affairs of more than 300 households. This will inevitably cause loopholes and defects in management work.

In addition, the majority of those individual traders and operators lack modern management experience in addition to their selfish and speculative ideas in business operations. Therefore, some of them have put profit-making first, and are engaged in illegal business operations and black market transaction. They increase goods prices arbitrarily and seek exorbitant profits. Besides, malpractices such as tax evasion, defrauding the revenue, and so on have also prevailed. This has not only disturbed market order, but also encroached upon the interests of consumers.

Universal Share System Tested at Selected Units
OW0909061488 Beijing XINHUA Domestic Service
in Chinese 0621 GMT 7 Sep 88

[Text] Beijing, 7 Sep (XINHUA)—The "universal share system" [fan gu zhi 3131 5140 0455], a new concept conceived by young economist Li Dewei to restructure enterprise management, has been successfully tested by selected enterprises and hailed by many theoretical workers and workers who have put it into practice.

The "universal share system" is a system under which an enterprise's key production elements, old or newly acquired, are divided into shares and the enterprise becomes an economic entity operated by shares in the form of workers' capital, labor, or technical expertise and owns its assets. Management of state-owned capital and production means may be transferred to the enterprise in the form of preferred shares, bonds, contracts, or leases. Members of this enterprise's board are directly elected by the congress of workers—the shareholders—and the board chooses a director through open bidding to take charge of the enterprise.

The "system of participation according to work" [an lao can yu zhi 2542 0525 0639 5280 0455] has also been instituted among the workers of the enterprises where the "universal share system" has been established. Under this system, workers become shareholders on the

basis of the performance of their labor, which serves as a criterion for determining their responsibilities, privileges, and benefits. Under this system, the director's responsibilities, privileges, and benefits are closely integrated with those of the workers, the enterprise is operated with its workers' shares, and the workers' role as master of the enterprise is established on a solid economic foundation. Under the "universal share system" profits are shared among the workers. A worker's income is the sum of his pay (his basic wage) and dividends.

Theoretical workers maintain that the "universal share system" has advantages: Since capital, labor, and technical expertise are all in the form of shares and all the workers are shareholders, problems concerning responsibilities, privileges, and benefits among owners, operators, and laborers will be replaced by a new system under which benefits, responsibilities, and risks are shared. Because labor is considered a means for shares, a firm economic foundation has been established for workers to bring their wisdom, capabilities, and productive enthusiasm into play on their own initiative. Furthermore, since such enterprises have the mechanism to control their assets, they are responsible for their profits or losses. Because these enterprises have open channels through which key production elements can flow, they can rationalize the production structure by adjusting investment.

Changsha has now taken the lead in testing the "universal share system." Since it carried out the test late last year, the Changsha National Musical Instrument Plant has enjoyed economic growth every month. Its workers, who are the investors, operators, and laborers, have given full scope to their production enthusiasm, sharing responsibilities and risks with the plant director and regarding the plant as their own house. The economic departments of Shanghai, Chongqing, Henan, and Hebei have invited the author of the concept to direct experiments at selected units in their provinces and municipalities. Zhou Guangzhao, president of the Chinese Academy of Sciences, has also proposed that the "universal share system" be tested by the science and technology development zone within Zhongguan Village.

Home Sales Expected To Raise 100 Billion Yuan
HK0909015288 Beijing CHINA DAILY in English
9 Sept 88 p 1

[By staff reporter Li Chao]

[Text] China hopes to raise 100 billion yuan by selling people their homes.

The State is aiming in this way to make money to improve living standards generally and encourage people to support themselves.

Towards this end the government has designed a package of incentive measures, CHINA DAILY was told yesterday.

An official from the Leading Group for Housing System Reform under the State Council said the whole principle was to encourage people to become homeowners. He said that there were now about 2.1 billion square metres of old houses which could be sold throughout the country, mainly in large or medium sized cities. Old houses he defined as those in which people are at present living.

Preferential treatment will be given to buyers and there will be no waiting. Prices for the old houses will be lower than for newly built ones, the State only charging for the cost of the construction of the one apartment when it is in a block.

Those people who can afford to pay the entire cost will be given additional preferential treatment. Those who cannot will either receive a subsidy from the State or be given the opportunity of paying by instalments. Special banks are being set up in cities for housing loans, the official said.

"The State policy in the present housing reform is to make people feel that it is worthwhile to buy their own houses," the official said. He added that the government also hoped that if people started investing in their own homes, the present hectic demand for electric appliances would be eased and currency returned into circulation.

"The government hopes to raise some 100 billion yuan from the selling of those old houses if they can be sold," he said.

In Chengdu, capital of Sichuan Province, many people have begun to buy houses instead of colour television and refrigerators. Some had even trade in their electric appliances so that they could afford to buy a house.

The official said that great efforts had been made in the past few years by the government to improve people's living conditions.

"But as a country with more than one billion people, it is impossible to solve this problem only by the endeavours of the government alone. So far there are now still about 26.7 per cent of households which either have no living space or are crowded under one roof," he added.

For decades, housing in urban areas has been provided by work units at low rent. But now the reforms are bringing changes.

Houses purchased by people can be used and inherited and may be sold on the open market five years after being bought.

In Jinxian County of Liaoning Province, 96 percent of the State owned houses were old only three months after the housing reform plan was announced. This was a total area of 192,000 square metres.

"However, housing reform is a complicated work in China and we are trying to make use of the experiences from other countries in this regard," the official said.

Decontrol of Steel Prices Not Scheduled

HK1009020288 Beijing CHINA DAILY in English
10 Sept 88 p 1

[By staff reporter Guo Zhongshi]

[Text] The State will not loosen its tight control over the prices of steel and several other major production materials next year, a senior official said.

At the national fair of means of production in the Northeast industrial city of Shenyang, Liu Suinian, minister of materials, ruled out the possibility of price relaxation over key production materials, saying that the move was aimed at stabilizing current prices.

He told reporters that the recent sharp price hikes have resulted in a chaotic rise in the prices of materials needed for production.

Reports from the recent national material and commodity fair in Xinjiang disclosed that steel prices have jumped up several times. Even with the high rate, many buyers had failed to lay their hands on what they wanted.

Liu described the situation as abnormal. He attributed it to the overexpansion of fixed asset investments and the rapid increase in industrial production. He said demand far exceed supply.

Some enterprises have purchased production materials for fear of future price rises after the State loosens its control over the steel market, he said. He added that problems existing in the present circulation channels also are factors leading to the worsening situation.

The existence of the double-track pricing system with a State subsidized price and a market price for many materials has caused chaos and many people have taken advantage of loopholes. Liu stressed that State control over prices for some major production materials will be tightened instead of being relaxed in the near future.

He urged key material-producing enterprises to fulfill their output targets set by the State.

Over the past several years, the output of steel in China has been increasing at a progressive rate of 3 million tons every year and steel producers across the country turned out 30 million tons in the first half of this year.

Official statistics show that the prices for raw materials, fuel and energy have gone higher and higher for four years in a row. The sharp price increases have seriously affected some industrial firms.

Storage of some key materials needed in production has dropped because of the acute shortage. Steel storage fell by 12.3 percent on a national scale in the first half of this year, according to the State Statistical Bureau.

According to the bureau, the supply of key materials needed in production in the second half of this year is not likely to improve as some materials will have to be saved for next year's production.

Experts say that in order to ease the strain in the supply of steel, the fundamental way is to tap the potentials in domestic production, conduct technical renovation of existing enterprises and expand the production capacity of steel producing firms. There also is the need to build some new facilities and to import steel.

Interest Raised on Foreign Currency Savings

OW1009150988 Beijing XINHUA in English
1426 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—The Bank of China, China's foreign exchange bank, has raised interest rates for individual savings deposits in hard currency since early June, according to a circular just issued by the bank.

The present interest rate for U.S. dollar deposits is up 41 percent from the same period in 1987, that for pound sterling deposits 69 percent, that for Federal German mark deposits 25 percent, that for French franc deposits 23 percent and that for Hong Kong dollar deposits 40 percent.

The Bank of China registered an average increase of 50 million U.S. dollars in individual savings deposits in June and July, 14 million U.S. dollars more than each of the first five months of this year.

By the end of July, it had individual deposits in hard currency totalling 920 million U.S. dollars, a 44 percent rise over the same period in 1987.

The circular also announced a subsidy interest rate for savings deposits of Overseas Chinese with a term of three years and more.

This means that Overseas Chinese depositors will receive the subsidies in addition to normal interest rates when their deposits become due.

Savings Deposits Increase

OW1009115288 Beijing XINHUA in English
1107 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—Foreign currency savings deposits of Chinese citizens in the Bank of China stood at 920 million U.S. dollars by the end of July, 44 percent higher than at the same time last year, a bank official said today.

The savings increased by more than 50 million U.S. dollars a month during June and July. Earlier in the year the monthly increase was about 36 million U.S. dollars, the official said.

He attributed the growth in savings to increases in the interest rates since June.

The current rate on one-year U.S. dollar savings is 8.125 percent, 41 percent more than last year. The pound sterling rate is 11.4375 percent, 69 percent higher. The Deutsche mark rate is five percent, up 25 percent over last year, French franc is 7.6875 percent, up 23 percent and Hong Kong dollar seven percent, up 40 percent.

"We adjust interests according to changes in international financial markets as well as to attract more savings," said the official.

Economic Zones Make Further Export Progress
*OW1009120588 Beijing XINHUA Domestic Service
in Chinese 0030 GMT 8 Sep 88*

[Text] Beijing, 8 Sep (XINHUA)—Taking advantage of the current favorable international market situation, the Shenzhen, Zhuhai, Shantou, and Xiamen Special Economic Zones have made further progress in developing export-oriented economy this year.

The first half year's combined total industrial output value of Shenzhen, Zhuhai, and Xiamen Cities and the Shantou Special Economic Zone reached 6.6 billion yuan, up 48.7 percent from the same period last year. Foreign investment enterprises now account for around half of the industrial output value registered by these special economic zones, representing a 65 percent increase over the same period last year. Since the reform is dominating everything in all of these special economic zones and the production target responsibility system has been universally adopted by them to improve management, their industrial enterprises have made remarkable gains in economic results, increasing profits and reducing losses, as compared with last year. In the first 7 months this year, the Shantou Special Economic Zone reported more than 60 million yuan in revenue, a figure exceeding that targeted for the whole year and representing an increase of 1.7 times over the same period last year. The foreign investment enterprises in these special zones have all increased their economic results also. In Xiamen City, the 214 foreign investment enterprises already put into production there increased their industrial output value 1.4 times in the first half of this year as compared with the same period last year. They exported 60 percent of their products, earning 2.12 times more foreign exchange and paying 1.26 times more taxes than they did in the same period last year. Take the Xiahua Electronics Co. Ltd., for instance. What it achieved in the first half of this year has already exceeded its quota for the whole year, registering a 3.7 times increase in output over the same period last year and netting \$6.1 million foreign exchange earnings.

There has been a marked increase in foreign investments in the special economic zones, thanks to their efforts to further improve investment environment, step up various services, and raise work efficiency. In the first 6 months this year, the four special economic zones approved a total of 435 foreign investment applications, or 20.6 percent of the nationwide total of 2,109 applications. Xiamen City in the first half year approved 80 foreign investment applications that called for more than \$120 million in foreign investments, of which the actual amount already invested reached over \$61 million, representing a 3.4 times, 16.4 times, and 13.5 times increase respectively compared to the same period last year. Investments by Taiwan businessmen especially are increasing daily. In the first 7 months of this year, 36 applications by Taiwan businessmen were approved, a figure exceeding the combined total of the previous 5 years. By mid-August this year, Shenzhen had already approved 341 foreign investment applications with a combined registered total of more than 1.7 billion yuan renminbi, growing at a rate of 43 applications per month. In addition to growing application numbers, the structure of the approved foreign investments has also clearly improved. The number of industrial, technological, and comprehensive development projects has increased. Of the newly approved foreign investments in Xiamen, 87.7 percent are for productive projects whose products will be 95 percent exported. These include investments made in Xiamen's manufacturing industry, such as precision machine tool, computer, and automobile plants. Of the foreign investments made in Shenzhen in the first 8 months this year, about 90 percent are for knitwear, garment, electronics, and plastic industry projects.

Since the beginning of this year, the special economic zones have taken the presently favorable conditions of the international market to vigorously develop foreign trade, chalking up their foreign exchange earnings by a large margin. In the first half of this year, total exports of the four special economic zones reached \$1.36 billion, increasing 1.36 times compared to the same period last year. Products produced in the special economic zones themselves accounted for 60 percent of their total exports. The Shantou Special Economic Zone registered \$144 million in exports in the January-July period, which represent 72 percent of its 1988 target and an 87.3 percent increase over the same period last year.

Light Industry Exports To Increase in 1988
*OW0809194288 Beijing XINHUA in English
1127 GMT 8 Sep 88*

[Text] Beijing, September 8 (XINHUA)—China's light industry export income could reach 7.8 billion U.S. dollars this year, one billion dollars more than last year, Kang Zhonglun, vice-minister of light industry, said today.

Most of China's 8,280 light industry enterprises producing exports are in coastal areas. They include 33 which earned over 10 million U.S. dollars each last year.

The exports have gone to 120 countries and regions.

Canned food, drawnwork, embroideries, toys, carpets and leather shoes make up half the export volume.

Kang said his ministry hopes to earn 25 billion U.S. dollars from light industry export sales by the turn of the century.

Textile Industry Faces Difficulties

HK0909085188 Beijing CEI Database in English
9 Sep 88

[Text] Beijing (CEI)—High prices and short supply of raw materials are the main problems confronting China's textile industry with no relief in sight.

The root of trouble is the sharp shrinkage of the areas under cotton from 6.93 million hectares in 1984 to four million hectares in 1986 while the state purchase of cotton dropped from 6 million tons to 3 million tons. In 1987, state purchase of cotton showed a rise to 3.9 million tons.

Continued shortage of raw materials of chemical fibers, such as polyester and rayon chips, also contributes to the difficulties.

Textile industry grew fast but supply of raw materials have failed to keep abreast with it.

Rapid hike of raw material prices has subjected the mills under high pressure with production costs rising and economic returns declining.

In addition, mills also complain that high-grade cotton made up more than 80 percent of the supply, making it impossible to lower cost.

Research Center To Handle Minorities Problems

HK1009020888 Beijing CHINA DAILY in English
10 Sept 88 p 3

[By staff reporter Cheng Hong]

[Text] Nearly one third of China's minority peoples are living below the official poverty line and 10 million are having trouble finding enough housing or clean water to drink.

And officials from the State Nationalities Affairs Commission are so concerned that they have set up a special research centre to look into the problem.

Ismail Ahmat, Minister of the State Nationalities' Affairs Commission, spoke at the inaugural meeting on Thursday of the Research Centre for the Problems Facing Minority Nationalities.

He said the economic and cultural life of all 57 of the country's minority nationalities must be improved if China was to achieve prosperity for all its citizens.

He said the new centre would offer advice and information concerning State policies towards the ethnic minority areas.

He noted that although some remarkable achievements had been made in the minority areas, many problems still existed.

"Most of these areas are backward in terms of economy and education for historical reasons," he said. "And nowadays, with the rapid economic and cultural improvement in other provinces and areas, the gap between the coastal and remote areas is even larger."

According to the minister, about 29 percent of the total population in the minority-inhabited areas is living below the poverty line—set at 200 yuan per person per year. People in these areas still do not have enough food or clothes. Some 10 million have difficulties in finding enough housing and clean water to drink. And there are many more illiterate people in these areas than in other provinces and regions.

China's ethnic groups inhabit 60 percent of its land and comprise 15 percent of its total population. Most of the ethnic minority people live in the border, mountainous and remote areas where natural resources are rich but untapped.

Statistics from the commission reveal that from 1979 to 1986, the average annual growth rate of industry and agriculture in the five autonomous regions and 31 autonomous prefectures inhabited by minorities was 8.12 percent, much higher than before but still lower than the 11 percent for the country's average.

Last year, the total output value of industry and agriculture in these areas was more than 97 billion yuan, an increase of 10.4 percent over the previous year.

He also said at the meeting that the number of undergraduates and postgraduates from the minority areas in 1987 was 121,000, three times the figure for 1978. Numbers of middle and primary school students have also increased sharply.

East Region

Fujian Signs Contracts for Foreign Investment *OW1109192488 Beijing XINHUA in English* *1554 GMT 11 Sep 88*

[Text] Xiamen, September 11 (XINHUA)—Coastal Fujian Province has signed 338 contracts on foreign investment during the four-day Fujian Foreign Investment and Trade Fair which ended here today.

They involved a total of 509 million U.S. dollars from foreign investors.

Also signed at the fair were 74 agreements and 172 letters of intent involving a combined foreign investment of 807 million U.S. dollars.

Export transactions made at the fair totalled 205 million U.S. dollars.

More than 1,300 businessmen from about 20 countries and regions attended the fair, the biggest of its kind ever held in Fujian.

Compatriots from Taiwan were active in investment in electronics, plastic products and light industry and in real estate. Of all investments in Xiamen City 33.8 percent came from them.

At the fair the province's mountain areas made great efforts to solicit foreign funds, and signed contracts on 60 cooperative projects involving 30 million U.S. dollars.

Experts said the contracted projects are well in line with the adjustment of the province's production structure, with emphasis given to productive projects and technological renovation.

Jiangsu Issues Circular Urging Price Stability *OW0909001188 Nanjing Jiangsu Provincial Service* *in Mandarin 2200 GMT 31 Aug 88*

[Text] The Jiangsu Provincial CPC Committee and the provincial government on 31 August issued an urgent circular calling on party committees and governments at all levels in the province to adhere to the important decision made by the 20th Executive Meeting of the State Council, do a good job in managing commodity prices, and resolutely stabilize the market.

The circular points out: Since the beginning of this year, party committees and governments at all levels in this province, adhering to the principle of stabilizing the economy and deepening reform, have done a great deal of work in developing the production and market supply. The economic situation is still good. However, current commodity prices have increased too much and too fast. Panic purchasing constantly occurs in the market. This situation

adversely affects stability and unity, causing strong complaints among the people. Party committees and governments at all levels must pay great attention to this serious situation. On 30 August, the State Council convened its 20th executive meeting, at which important decisions were made on good commodity price work and market stability. All localities and departments must seriously study and resolutely implement those decisions.

The circular demands the following be done:

1. It is necessary to resolutely implement the State Council decision on freezing prices in the second half of this year. All localities must strictly control market commodity prices and follow the central authorities' instructions. Under no circumstances should anyone do things his own way and break the party and government promise to the people. Party committees and governments at all levels should support the commodity price department in exercising strict price control; and seriously investigate organizations which raise prices without authorization and in violation of discipline, and make their principal responsible persons bear the blame.

2. It is necessary to make great efforts to produce more marketable goods and ensure sufficient market supply. We should do our utmost to ensure the supply of necessities to the people, and under no circumstances should those necessities be in short supply. In order to prevent the people from having difficulties in their livelihood, some necessities may be rationed. We should continue efforts to do a good job in the production and supply of nonstaple food. The 50,000 mu of vegetable land newly added to the province should be sown fully and well. It is necessary to achieve good results in building production bases for pigs, poultry, and eggs in order to ensure food supply.

3. It is necessary to improve market management and order. Lawless people creating market disorder and engaging in hoarding and speculation should be dealt with resolutely and punished according to law. It is necessary to resolutely ban party and government organizations and cadres from engaging in business operations. It is necessary to strike blows at those who illegally resell goods for quick profit, and at the producers and dealers of fake commodities.

4. It is necessary to strengthen propaganda and enforce discipline. We should correctly publicize the guidelines of the communique on the 10th Meeting of the central Political Bureau and the important decisions of the 20th Executive Meeting of the State Council. We should strengthen the ideological and political work to make the broad masses of cadres and people know clearly the current situation and have a unified understanding. Communists must strictly abide by the discipline. They should not readily give credence to rumors nor spread rumors. Still less should they participate in panic purchasing. We should display a [word indistinct] spirit and

strictly control institutional purchases. No party or government organs, mass organizations, enterprises, or institutions are permitted to indiscriminately issue bonuses, either in cash or kind. As it will soon be National Day and the Mid-Autumn Festival, we should strictly ban the use of public funds in celebration of these festival days. We should not vie with the people to buy goods which are in short supply in the market. Departments concerned should take resolute measures to stem panic purchasing as soon as it occurs.

The circular calls on CPC and CYL members and cadres at all levels to consider the interests of the whole, be devoted to their duties, support reform, help the party and government tide over the difficulty, and work with one heart and one mind to overcome any difficulties.

Jiangxi Leaders Cited on Market, Prices Work
OW1109131188 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 3 Sep 88

[Text] The provincial party committee held a meeting of retired cadres of provincial organs and the provincial military district this morning to brief them on an important directive of the party Central Committee and on the current state of the work concerning the market and prices in the province. The meeting was presided over by Mao Zhiyong, secretary of the provincial party committee. Liu Fangren, deputy secretary of the provincial party committee, made a report on the CPC Central Committee's directive on [words indistinct]. Wu Guanzheng, deputy secretary of the provincial party committee and governor of Jiangxi, delivered a speech in light of the present conditions in Jiangxi, urging all to successfully carry out the important directive of the party Central Committee and the State Council and to strengthen the work concerning the market and prices in order to safeguard the overall interests of reform.

Mao Zhiyong also addressed the meeting. He expressed the hope that retired veteran cadres, as in the past, will support, help, and supervise the work of the provincial party committee and the provincial government, continue to carry forward the party's fine tradition, and set an example in maintaining party discipline and safeguarding the overall interests of reform.

More than 1,000 retired party cadres of provincial organs and the provincial military district attended the meeting.

Zhu Rongji Speaks on Shanghai Price Reform
OW0909134988 Shanghai City Service in Mandarin 2200 GMT 31 Aug 88

[Text] After the announcement of the decision to do a good job in pricing work and in stabilizing the market, adopted at the 20th regular meeting of the State Council, Zhu Rongji, deputy secretary of the Shanghai municipal party committee and Shanghai mayor, immediately

called a meeting of responsible comrades of the municipal party committee and municipal government to study and discuss the decision. The meeting participants unanimously pledged their support of the important decision. They held that the decision will play an important role in stabilizing market supplies, controlling price rises, and reassuring the masses.

In light of the actual conditions in Shanghai, the participants worked out measures for implementing the decision. The measures include the following:

1. It is necessary to organize cadres of all levels in the municipality to study earnestly and understand the decision thoroughly. It is also necessary to see to it that the decision is implemented strictly.
2. Effective measures must be adopted to control prices. State-fixed prices must be strictly enforced. Prices of daily necessities that are fixed by the municipality will not be raised further this year. It is necessary to strengthen guidance and control in connection with commodities whose prices have been raised. Adjustment of prices of small commodities must be carried out strictly in accordance with the stipulated declaration system.
3. It is necessary to further stabilize the market by ensuring supply of nonstaple foods and manufactured goods for daily use. At the same time, efforts must be made to improve market order and to punish resolutely such illegal activities as jacking up prices, market rigging, and profiteering.
4. Vigorous efforts must be made to increase the supply of color television sets, refrigerators, bicycles, sewing machines, and other daily necessities such as matches, soap, and detergents by increasing production.
5. It is necessary to carry out resolutely the guidelines of the 10th Plenary Session of the Political Bureau of the CPC Central Committee, to implement the principle of stabilizing the economy and deepening reform, to scale down investment in fixed assets, and to curtail group purchasing power and the scale of credits. Price, wage, financial reform and the reform of the supply system must be carried out in accordance with the unified plan of the central authorities in order to bring about a good economic situation.

Zhu Rongji spoke at the meeting. He said: The situation in Shanghai is good. The buying rush which started 19 August has returned to normal as a result of prompt measures adopted by the municipal party committee and the government. Since Premier Li Peng's speech was broadcast, the masses have remained calm, and bank savings withdrawals have begun to decline.

Zhejiang Secretary on Price, Market Stabilization
*OW1109110888 Hangzhou Zhejiang Provincial Service
in Mandarin 0900 GMT 2 Sep 88*

[From the "Provincial Hookup" program]

[Excerpts] Xue Ju, secretary of the provincial party committee, made remarks this morning calling for firm efforts to implement the instructions issued by the party Central Committee and the State Council on doing a successful job in dealing with current problems and stabilizing the market. He urged party organizations at all levels, particularly party committees at and above the county and city level, to achieve unified thinking, act in unison, and strictly observe discipline to support the cardinal task of reform. This is the only way to ensure the smooth progress of reform, he added.

Xue Ju pointed out: At present we are faced with serious price and market problems. Panic buying, price hikes, and rush saving withdrawals have appeared in some of our country's cities. Such phenomena have also begun to emerge in certain localities of our province. We must have an adequate understanding of the detrimental effects of these phenomena. Panic buying inevitably leads to unreasonable price hikes. Unreasonable price hikes, unless controlled, destabilizes the market with serious adverse effects on economic construction development and the masses' everyday life. This not only disrupts the reform plans of the party Central Committee and the State Council, but also encourages the masses to embark on unhealthy trends and cause their distrust for the party and the government. Such a state of affairs will affect our economic and social stability. [passage omitted]

Xue Ju added: Cadres who are also party members of industrial and commercial enterprises and other units should make strenuous efforts to carry out the campaign of increasing production and practicing economy and of boosting revenues and retrenching expenditures. They should also strive hard to improve economic results of their work. Improvement of economic results depends on real efforts rather than indiscriminate price hikes. Real efforts should be made to deepen enterprise reform, tap productive potential, encourage increase in production, reduce material consumption, lower production costs, raise labor productivity, and speed up the turnover of funds. This is the only way to greet with concrete actions the new stage of reform which will require work to solve the most difficult problems.

No Communist Party member is allowed to engage in such activities as buying and selling for the purpose of profiteering, making gains by acting as middlemen, jacking up prices, hoarding, and speculation. All Communist Party members in the province are urged to use the circular issued by the central authorities as their guidance for their thinking and action. They must not only unconditionally refrain from trusting and spreading rumors, panic buying of commodities, jacking up prices,

and rushing to withdraw money from bank accounts, but should also do ideological work and publicize party policies among the masses. They must set an example with their own conduct and influence the masses by their concrete actions.

The leading comrades at the central level have pointed out on many occasions that we must advance toward the stormy waves and dare to brave dangers to tide over difficulties. Now is the time to test our party members and party organizations at all levels. We must have the resolve and courage to show that we can stand every test in overcoming the difficulties connected with reform.

Central-South Region

Guangxi Citizens Continue Flood Relief Efforts

Urgent Circular Issued

*HK0909021188 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 8 Sep 88*

[Excerpts] The Guangxi regional people's government issued an urgent circular on 6 September to all prefectures, cities, counties, and various departments on doing a good job in current production and disaster relief work. The circular said that as a result of the concerted efforts of the party, government, army, and people, great victory has been won in flood-fighting and rescue work, and the flood waters are now retreating. The disaster areas are now faced with a heavy new task of self-salvation through production and rebuilding their homes. The region must continue to carry forward the revolutionary spirit and militant work style displayed in flood-fighting and rescue work, make still greater efforts, and do a good job in the following tasks, to win complete victory in the struggle:

1. Give priority to rapidly restoring industrial and agricultural production, shop business, communications, and telecommunications. The most urgent task is to rescue the inundated grain sprouts and ensure their normal growth. Other flooded crops must also be given care. Where there is no hope of a harvest, the land should be resown with other crops. Flooded factories must clean up and repair their machinery and equipment and resume production as soon as possible. Forces must be organized as soon as possible to repair and strengthen water conservancy installations, canals, embankments, and other structures destroyed by the floods. [passage omitted]
2. Do a good job in medical and anti-epidemic work for the residents of flooded towns and villages. [passage omitted]
3. Make proper arrangements for resettling homeless disaster victims. We must help them to repair their homes or build new ones. When necessary, we can make some simple tents and awnings available as a temporary measure. [passage omitted]

4. Promptly solve the problem of supplying daily necessities to disaster-hit towns and villages, especially grain, salt, matches, kerosene, vegetables, and so on. [passage omitted]

5. On the basis of persevering in self-salvation through production and raising money among the masses and the collectives, local financial authorities and departments should provide vigorous support as regards the large amount of capital and materials needed for restoring production and rebuilding homes in the disaster areas. They should provide as much production and construction materials as possible for the disaster areas.

6. The government at all levels and the departments must seriously sum up the experiences in flood-fighting and relief work, vigorously commend good people and deeds, and comfort PLA personnel and disaster area masses who made great contributions in the struggle.

Citizens Salvage Food

OW0809211688 Beijing XINHUA in English
1456 GMT 8 Sep 88

[Text] Nanning, September 8 (XINHUA)—Thousands of citizens in Liuzhou, in south China's Guangxi Zhuang Autonomous Region, thronged to salvage foodstuffs from a factory producing children's food when the factory was threatened by a recent flood.

Among them were also 400 soldiers who came shortly after finishing rescue work in the city's electric fan factory.

Local foodstuff companies and workshops made donations to help the salvage work.

Floods Subside; Losses 'Tremendous'

HK0909142088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0944 GMT 9 Sep 88

[Text] Nanning, 9 Sep (ZHONGGUO XINWEN SHE)—The floods that had played havoc for about 10 days at last subsided from the eastern gate of Guangxi—the urban area of Wuzhou City—yesterday. Guangxi has suffered a direct economic loss of 950 million yuan. This is equivalent to a Wuzhou's total industrial output for a year. The floods have also caused 58 deaths and 505 injuries.

In the last 10 days of August, torrential rain fell on southern Guizhou and northwestern Guangxi. The precipitation reached 450-750 mm, causing freshets in the upper reaches of the Hongshuihe and Liujiang. The floods stretched from the Guizhou-Guangxi border all the way to Wuzhou through the middle part of Guangxi, a distance of more than 700 km. The whole process lasted about 10 days.

The floods have caused tremendous losses to Guangxi. The latest statistics, announced by the Guangxi Government today, are as follows:

—More than 450 towns and townships and three county seats in 40 cities and counties, including Liuzhou, Wuzhou, Guiping, and so on, along the four water systems including Liujiang, Hongshuihe, and so on were hit by flooding. More than 1.3 million households on the banks of these rivers were affected. The number of flood-affected victims reached more than 4.6 million. Of these 300,000-plus people were marooned by flood water or were compelled to leave their homes.

—More than 1,200 factories, over 450 schools, and 200,000-odd civilian houses were submerged. Around 20,000 of them were knocked down.

—About 200,000 hectares of farm crops were ruined by floods.

—Two hundred and eighty-two highways were affected and closed to traffic. The Guizhou-Guangxi and Zhi-cheng-Liuzhou Railways had their services interrupted for more than 390 hours.

—More than 160 bridges were washed away. Over 380 ponds, reservoirs, and electric power stations suffered serious damage. More than 7,600 km of telephone and transmission lines were destroyed.

—The two big hydropower stations—Dahua and Wutan—with an installed capacity of 500,000 kw were forced to cease operations. So far they have not returned to normal.

The floods in Guangxi have aroused the attention of governments at various levels. State Council Premier Li Peng sent Yang Zhenhui, deputy chief commander of the Central Anti-Flood Command, to Liuzhou to direct anti-flood operations. The headquarters of the Guangzhou Military Region ordered PLA units stationed at Guangxi to go all out in fighting floods and carrying out emergency operations. Party and government leaders in Guangxi went separately to the anti-flood frontline organizing relief activities. During the floods Guangxi mobilized 1.15 million military and civilians and deployed more than 3,000 cars, 2,000-odd ships, and 10 planes in carrying out rescue and other emergency operations.

At present Guangxi is going all out to restore things to normal after the disaster. It will also conduct a self-examination summing up experiences and lessons. At the same time the government and people of Guangxi hope that they will receive help from outside.

Wuzhou City Floodwaters Recede
OW1009185188 Beijing XINHUA in English
1443 GMT 10 Sep 88

[Text] Nanning, September 10 (XINHUA)—Floodwater from the Xijiang River receded today from Wuzhou City, south China's Guangxi Zhuang Autonomous Region.

Life has returned to normal in the city. Over 90 percent of the factories in the city resumed production and its market supply is stable, according to a report reaching here today.

Air links with other places in the region and neighboring Guangdong Province has been reopened.

The floods had invaded 52 main streets, 901 factories, shops and schools in Wuzhou City as well as large tracks of farmland, causing economic losses estimated at 72 million yuan, according to the report.

Hunan Province Hit by More Torrential Rain
HK0909044788 Changsha Hunan Provincial Service
in Mandarin 2200 GMT 8 Sep 88

[Excerpt] On the morning of 8 September, the provincial people's government called all responsible persons in the departments concerned and the provincial military district to an urgent meeting to discuss emergency measures against floods in the spirit of the phone call received from Secretary and Governor Xiong Qingquan while he was on the forefront of fighting floods. Following the meeting, all the departments concerned in the provincial government and the provincial military district went into action immediately to adopt emergency measures accordingly.

At 0200 on 8 September, torrential rains began in the Doting Hu areas. In Huarong and other counties, there were anywhere from 100 to 300 millimeters of rainfall. As of 2230 on 8 September, when this news dispatch was distributed, the rain was still coming down in torrents.

In view of the suddenly deteriorating situation, at 1000 on 8 September Comrade Xiong Qingquan called from the forefront of fighting floods at (Maochaojia) in Naxian County, calling on all departments concerned in the provincial government and all people throughout the province to overcome the idea of being careless, pessimistic, and war-weary and go all out to struggle against floods. [passage omitted]

Leaders Direct Antiflood Campaign
OW1209023588 Beijing XINHUA Domestic Service
in Chinese 1713 GMT 10 Sep 88

[By reporters Liu Jintong and Liu Min]

[Text] Changsha, 10 Sep (XINHUA)—A general mobilization has been enforced in Hunan Province beginning today in order to combat an autumn flood unusual in this century and protect the Dongting Hu areas from the most disastrous water in 30 years.

In the 21 days between 19 August and 9 September, torrential rain hit most counties and cities in Hunan, with the average rainfall reaching as high as 284 millimeters, 440 percent more than the average precipitation of the same period in previous years. The rainfall in four counties was over 500 millimeters. Flood crests appeared one after another in the Yuan and Zi river basins. After this year's third flood on the Chang Jiang entered Dongting Hu, rain, river, and lake water converged on Dongting Hu, forming a catastrophic autumn flood in the lakeside areas. At 0200 on 10 September, water running from the "three mouths" of the Chang Jiang and the "four rivers"—Xiang, Zi, Yuan, and Li—into Dongting Hu was recorded at 43,900 cubic meters per second, while the water coming from Chenglingji to Chang Jiang was only 30,300 cubic meters per second, thus leaving 1.2 billion cubic meters of flood water in the lake. Since late August, a total of 15 billion cubic meters of water has entered Dongting Hu, causing a sudden rise of the river water level outside the lake. The water level at all the 115 protective embankments in the lakeside areas is at the warning stage, and the water at 20 embankments has reached or exceeded the danger level. Damage has been reported at a total of 1,704 points and sections. Two relatively large and a number of small embankments that burst have flooded 4.4 million mu of land in the lakeside areas. With the damage already done by mountain torrents, over 10 million mu of crops have been affected by the disasters. Houses and other property have been lost, and injuries and deaths reported.

According to weather forecasts, some lakeside areas are still under torrential rain, and the water level has continued to climb in general, impeding the efforts to combat the flooding and placing a number of dykes and embankments in a state of emergency.

Despite the raging flood water, Xiong Qingquan, Liu Zheng, and other Hunan provincial party, government, and military leaders have gone to the flood scenes to review dangerous sections of the embankments and direct the efforts to combat flooding and rescue people. Some 23,000 cadres and 1.44 million people in Hunan have joined PLA commanders and fighters in struggling day and night on the frontline against flooding.

'Urgent' Meeting Held
HK1109012788 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 10 Sep 88

[Excerpt] On 10 September, the provincial party committee, People's Congress Standing Committee, government, CPPCC, and military district held an urgent mobilization meeting of responsible persons of the provincial organs, which called on the organs to swiftly mobilize and dispatch more personnel to the front line of the struggle against natural disasters to help the people in the lake area to win victory over the exceptional autumn floods.

Rain fell continually in most parts of the Dongting Hu area on 10 September, and the situation there continued to deteriorate. Exceptionally high floodcrests appeared at Taojiang and Yiyang. Embankments were breached in three more places in Taojiang County. According to incomplete statistics, from the time when the autumn flood began to the afternoon of 10 September, in Yiyang, Yueyang, and Changde prefectures and cities, over 5 million mu of crops have been affected, 4.4 million mu of crops have been waterlogged, 31,000 houses have collapsed, and direct economic losses total 920 million yuan.

The mobilization meeting pointed out that the current overriding priority task of the provincial party committee and government is to support the people in the lake area in flood-fighting and rescue and relief work. All meetings and other work must be cut down, and all manpower and material must be concentrated to help the lake area to overcome the exceptional floods. [passage omitted]

Dongting Lake Area Threatened

OW1109151688 Beijing XINHUA in English
0909 GMT 11 Sep 88

[Text] Changsha, September 11 (XINHUA)—Floods caused by torrential rains over the past three weeks are posing a threat to the Dongting Lake area in Hunan Province, one of the country's major agricultural bases.

The Dongting Lake area is composed [words indistinct] counties and cities, with a population of 6.2 million and 5,300 hectares of cropland, and its rice and cotton output makes up a sizable portion of the provincial total.

More than 1.44 Million local people and People's Liberation Armymen and 23,000 cadres have been working on dykes to protect the lake area from the worst flood in the past 30 years. A general, province-wide mobilization has been called for combating the floods as from Saturday.

Local officials said two large embankments and some smaller ones have been breached, submerging about 2,700 hectares of farmland in the lake area.

A sharp rise in water level resultant from the 15 billion cubic meters of water in the lake and 1.2 billion cubic meters brought in by the excessive rains and floods of the Yangtze River since late August, is endangering the lake embankments at 1,704 places.

Between August 19 and September 9, the average rainfall in the province was 284 millimeters, a 4.5-fold increase over the same period in previous years and a total of 660,000 hectares of farmland in the province were affected by floods and excessive rains.

North Region

Beijing Municipal People's Congress Meeting Held
SK1009034188 Beijing BEIJING RIBAO in Chinese
31 Aug 88 p 1

[Text] The fourth meeting of the Ninth Beijing Municipal People's Congress Standing Committee opened in Huairou County on 30 August.

Zhao Pengfei, chairman of the municipal People's Congress Standing Committee, presided over the meeting at which the participating members first approved by a show of hands the meeting's agenda that comprises the following eight items:

1. A discussion will be held on the "revised draft regulations" on suburb afforestation.
2. A discussion will be held on the "revised draft regulations" on protecting consumers rights and interests.
3. An initial discussion will be held on "draft regulations" to protect under age people.
4. A discussion will be held on "draft measures" to have the municipal People's Congress Standing Committee intensify its contacts with municipal deputies.
5. A report will be delivered by the municipal people's government and discussed at the meeting, which will reveal the first-half implementation of the 1988 municipal plan for the national economy and social development.
6. A report will be delivered by the municipal people's government and discussed at the meeting, which will reveal the first half implementation of the 1988 municipal financial budget.
7. A report will be delivered by the municipal people's government at the meeting, which will reveal the municipal situation in price reforms conducted since early this year.
8. Personnel changes will be approved at the meeting.

At the meeting on the morning of 30 August, the participating members heard the reports given by Wang Guiji, chairman of the rural village committee under the municipal People's Congress Standing Committee; Zheng Ning, chairman of the financial and economic committee under the municipal People's Congress Standing Committee; Bai Ping, director of the legal system office under the municipal People's Congress Standing Committee; and Liu Cai, director of the liaison office under the municipal People's Congress Standing Committee. They respectively gave an explanation of the

three law documents and the measures to enhance contacts with municipal deputies. Of the four draft regulations, those on suburb afforestation and on protecting the right and interest of consumers were submitted to the former Standing Committee meeting for discussion in which the participating members voiced some opinions for revising these regulations. These revised draft regulations were submitted again to the meeting for discussion. The draft regulations on protecting under age people and the draft measure for enhancing contacts with municipal deputies were first submitted to the meeting for discussion. On the afternoon of 30 August, participating members were divided into four groups to discuss the four draft regulations. The meeting will last for 4 days.

Attending the meeting were vice chairmen of the municipal People's Congress Standing Committee, including Ma Yaoji, Xia Qinlin, Xing Jun, Tan Yizhi, Tao Dayong, Pu Jiexiu, Chen Mingshao, and Rong Yi. Present as observers were He Fangba, chief procurator of the municipal People's Procuratorate; and responsible comrades from the standing committees of various district and county People's Congresses.

Beijing Cooperative To Fight Price Hikes
OW1009022288 Beijing XINHUA in English
0036 GMT 10 Sep 88

[Text] Beijing, September 10 (XINHUA)—Residents of a subdistrict in Beijing have formed a consumers' cooperative to ease the pressure of food price hikes in the city.

The Tiantan (Temple of Heaven) Cooperative is the first consumers' cooperative in China in more than 30 years.

It supplies its members with vegetables that are 30 percent cheaper than self-employed retailers.

"We have founded a vegetable base in the suburb," said Li Shuo, coop manager. "And our vegetables are juicy because they are manured instead of fertilized."

The subdistrict has 80,000 residents. Nearly 10,000 have joined the coop, paying 5 yuan a share. The coop has used share proceeds plus another 300,000 yuan borrowed from the Beijing General Supply and Marketing Cooperative to form a circulating fund.

Aggregate sales have reached 68,000 yuan since the cooperative was founded in late April on the suggestion of Wang Chun, a former vice mayor of Beijing and head of the Beijing General Supply and Marketing Cooperative in the 1950s.

Wang said the good thing about cooperatives is they can reduce the links in the circulation chain and control inflation.

At first the cooperative only supplied soy, sesame oil, soya-bean milk, toilet paper, and matches. Now it mainly supplies cucumbers and eggplants produced in the base.

It has established 4 wholesale departments and 40 residential committees that have formed a retail network. The retail prices are slightly higher than the wholesale prices to pay for the sales staff.

The cooperative has a staff of 18. Most hold other jobs or are retired.

"We are not entirely dab hands," said Li Shuo. "It will take some time before we know our goods."

There have been some failures. A laundry and dye shop folded because of poor management and lost 10,000 yuan.

The cooperative has bought some famous spirits for its members for the mid-autumn festival, a traditional Chinese festival in mid-September.

Li said the cooperative has had supply problems. "We haven't found an ample source because we have not made any long-term goods supply contract yet." So two staff members have been assigned to finding new sources of goods.

Yang Shengming, associate researcher of the Finance and Commerce, Goods and Materials and Economics Institute of the Chinese Academy of Social Sciences, noted consumers' coops appeared first in England last century and still perform an important service in many countries.

"Now the Soviet Union and other socialist countries in East Europe are paying more attention to them in their reforms," he said.

China had consumers' cooperative in the early 1950s to supply daily necessities but they were merged into state-run enterprises in 1957.

The consumers' cooperative of Tiantan Subdistrict is completely run by the local people, getting help from the government.

Yang Shengming did not feel the cooperatives would hamper the regulation role of the law of value.

"As the various kinds of consumers' cooperatives are widely established, peasants will also form producers' cooperatives," he said.

"If the government does not interfere with administrative measures, the law of value will come into play when these two kinds of cooperatives voluntarily do businesses together," he added.

Big Profits in Beijing
OW0909120788 Beijing XINHUA in English
1415 GMT 8 Sep 88

[Text] Beijing, September 8 (XINHUA)—The National "sparkling plan" has generated 527 million yuan in additional output and 104 million yuan in profits for Beijing since it was implemented in the capital in 1986.

The plan was launched in 1985 by the State Science and Technology Commission to encourage research institutes and urban factories to introduce practical technology to the countryside.

To date, 701 technical application projects have been dealt with and 80 percent have been put into operation. They have resulted in the development of 353 new products.

Most of the projects are in grain and non-staple food production bases, specialized production enterprises, or processing companies for larger export-producing factories.

This year, 64 managers from 13 large and medium-sized enterprises have provided consultancy services to 103 rural enterprises.

Since the plan began in Beijing about 20,000 technical workers have been involved in training 237,000 rural people.

The Beijing authorities plan to develop 11 systematic agricultural projects, help another 100 rural factories modernize, organize 1,000 experts and technicians to work in the countryside, and train a further 10,000 rural technical workers.

Fifth Hebei International Trade Fair Fruitful
OW1109182788 Beijing XINHUA in English
1523 GMT 11 Sep 88

[Text] Shijiazhuang, September 11 (XINHUA)—North China's Hebei Province has just signed 123 contracts involving 200 million U.S. dollars worth of foreign investment.

The contracts cover joint ventures, cooperative ventures, compensation trade and processing with supplied materials.

The contracts were signed during the Hebei international economic and technological cooperation and export commodity fair, the fifth of its kind, which ended here Saturday.

During the fair another 219 contracts were also signed on technological imports worth of 160 million U.S. dollars. The technologies will be used in textile, electronic, machinery, metallurgical, chemical and other industries.

Commodity export transactions at the fair totalled 58 million U.S. dollars.

The total volume of transactions exceeded the combined volume of the previous four fairs', according to a fair organizer.

About 7,000 businessmen from 26 countries and regions attended the 10-day fair.

Inner Mongolia Holds Conference on Market Prices
SK0909061188 Hohhot Inner Mongolia Regional
Service in Mandarin 2200 GMT 2 Sep 88

[Text] On the morning of 1 September, the regional people's government held a routine work conference to conscientiously study the State Council's emergency circular on achieving the current work related to goods prices and stabilizing the market, to analyze and study the region's price and market situation, and to set forth seven measures for implementing the circular in line with the region's situation.

First, we should fully understand the importance of the current work related to goods prices and stabilizing market to make the vast number of people understand that our country's price reform is a long-standing task during the next 5 years or so. Price reform will not be carried out at a faster pace next year. Therefore, governments at various levels and all departments concerned should conscientiously achieve propaganda work to eliminate the people's misgivings, reassure the public, stabilize the market, and ensure the smooth progress of the reform work in all fields.

Second, new measures for price readjustment should be implemented strictly. This year, the region shall not readjust the prices of any commodities. Meanwhile, all leagues and cities shall not readjust the prices of any commodities. Commodity prices and the standards for collecting fees under the management of the region, leagues, and cities must not be raised. A system to keep separate accounts within the limits of management rights should be carried out among price departments at various levels and the units concerned with the power to fix prices to be delegated. Meanwhile, the system should be carried out among leagues and cities, and enterprises where right to fix prices was delegated. The prices of the decontrolled products must not be arbitrarily raised by any enterprises or managerial departments. Principal responsible persons of the units that violate the aforementioned regulations should be called to account.

Third, the prices of foodstuffs and consumer goods that are closely related to the people's livelihood should be stabilized. The prices of the four major foodstuffs, such as meat, vegetables, and eggs, whose prices have been raised, must be controlled within guidance prices. Of this, the prices of autumn Chinese cabbage should be maintained within the guidance prices of last year. Subsidies due to these price hikes should be given by

league and city financial departments. The prices of grain and grain foods that dwellers are rationed with must not be raised under any pretexts. The localities where the prices of grain and grain foods have been raised should immediately make corrections.

Fourth, we should strive to increase the production of readily marketable products and positively organize goods sources to enrich market supply. Particularly, the commodity sources should be organized well during national Day, New Year Day, and Spring Festival. Simultaneously, we should inventory warehouses to expand goods sources. All localities should adopt resolute measures to ensure normal supply of the people's daily necessities but must not cut their supply.

Fifth, we should resolutely control the construction of nonproductive projects and strictly control the consumption of construction institutions. This year, the region shall not examine and approve nonproductive projects. The nonproductive projects whose construction has not started in early September shall not start. The projects whose construction should be stopped or postponed should be resolutely stopped. It is necessary to resolutely control institutional purchasing power. From now on, no temporary approvals shall be given to any organs, mass organizations, enterprises, and establishments in terms of purchasing the 19 commodities for nonproduction use whose purchases are under special control. The supply of commodities of this kind that have been purchased in advance should be suspended.

Sixth, we should consciously attend to this year's grain and farm and sideline product purchasing work, and ensure the fulfillment of the grain and edible oil purchasing contracts. The areas with more grain production and bumper grain harvests should strive to purchase more grain and edible oil at negotiated prices. The marketing of grain and edible oil at negotiated prices among leagues and cities should be organized by the regional commercial department. Grain and edible oil prices on plains should be coordinated to prevent the tendencies of driving up prices. We should consciously strengthen guidance with regard to purchasing livestock products that have been decontrolled, and advocate direct public deals to prevent the practices of having excessively more interlinked factors and raising purchasing prices at each level to damage the interests of producers and consumers.

Seventh, we should strengthen market management, and conscientiously consolidate market order. Governments at various levels should organize industrial and commercial, price, and tax departments to conscientiously check and consolidate market order. Strict punishment should be imposed on those who abuse their functions and power to purchase commodities in short supply and arbitrarily raise commodity prices. It is necessary to resolutely deal blows to such illegal activities as engaging in speculation and profiteering, hoarding for speculation, exploiting profits at intermediate links, making up rumors, driving up goods prices, and disrupting the

market. The vast number of the masses should bring into full play their functions for supervising the market prices. Various kinds of companies should continuously be sorted out and consolidated. The work of investigating and handling law breakers and discipline transgressors should be achieved continuously.

Banks Adopt Measures on Credit

*SK1109004588 Hohhot Mongolia Regional Service
in Mandarin 2200 GMT 3 Sep 88*

[Text] It has been reported from the regional conference of presidents of people's banks that the regional people's banks have adopted resolute and effective measures to control the circulation of currency and the scale of credit, thus to further stabilize finance and the market and ensure the smooth progress of national economic development and price reform.

Since the beginning of this year, our region's financial situation has basically been consistent with that of the entire nation. When comparing the January-July period of this year with the same period last year, the net amounts of money to be put into circulation increased by 294 million yuan; and bank loans granted increased by 956 million yuan, accounting for 70.7 percent of the annual credit target. If the situation continues, the plan for putting money into circulation and the scale of credit will be overfulfilled and exceeded this year. Toward this end, the regional people's bank decided to grasp the following few tasks.

First, specialized banks and all localities should grant loans according to the scale of loans fixed by higher levels, and should persistently fix the amount of money to be put into circulation according to deposits. Without approval, no banks or localities are allowed to exceed the fixed quotas. Whoever exceeds the quotas should assume the responsibility. Presidents of banks at various levels that exceed the quotas should be called to account.

Second, we should strengthen the management of cash and strictly control the work of putting money into circulation. We should resolutely stop paying localities that allocate consumption funds arbitrarily or not in line with the fixed state quotas. Enterprises and establishments should strengthen the management of ready money. Banks have the right to not pay those who do not conform to the regulations. Banks shall not grant loans to, or pay cash to, or settle transferred accounts for those who force up prices to purchase farm and sideline products from various localities and trades. The people who are involved in serious cases of this kind should be forced to repay their old loans.

Third, the structure of credits should be readjusted. Loans should be granted in line with the principle of supporting the outstanding and restricting the bad and the principle of ensuring key projects and controlling general projects. Banks at various levels should grant loans to support the production and purchase of farm

and sideline products; the purchase of commodities for foreign trade exports; the production of readily marketable industrial products, including high-quality durable consumer goods in short supply; and the construction of key projects covered in the state plan. Banks should assign priority to ensuring reasonable demands for funds to produce and purchase major farm and sideline products such as grain, oil-bearing crops, beets, and livestock products. No loans shall be granted to enterprises with low-quality products and poor economic results, enterprises that vie with large enterprises to gain raw materials, enterprises that rush to purchase raw materials and commodities in short supply, and enterprises with excessively more goods and materials in stock. No loans shall be granted to enterprises that increase both loans and savings deposits at the same time and that have surplus money, but refuse to repay their loans. Meanwhile, we should ask these enterprise to repay their loans. Additional fines should be imposed, in line with the regulations, on enterprises with loans of indefinite duration, [words indistinct] loans, and [words indistinct] loans. No loans shall be granted for projects not covered in the state plan, including projects for fixed assets built with investment collected by the enterprises themselves.

Fourth, with the approval of the State Council, people's banks have started to implement new regulations on readjusting the deposit structure and granting loans. Therefore, banks throughout the localities should take advantage of favorable opportunities to vigorously disseminate the regulations and ensure their implementation. Banks should cooperate with relevant departments to open special savings accounts to support the supply of commodities in short supply and strive to increase savings deposits to overfulfill this year's savings plan.

Space Exhibition Opens in Tianjin 3 Sep
OW0909140888 Beijing XINHUA Domestic Service in Chinese 0658 GMT 7 Sep 88

[By reporter Zhang Shuying]

[Text] Tianjin, 7 Sep (XINHUA)—An exhibition of Chinese space objects opened at the sports stadium of Tianjin's Hexi District on 4 September.

This exhibition, the eighth of a countrywide touring exhibition, has the largest number of objects on display so far and its content is also the richest. In the exhibition hall, this reporter saw the "Dongfanghong [2639 2455 4767 The East Is Red No 1," the first satellite launched by China and one of the most important satellites ever launched by any country in the world. Also on display are the "Dongfanghong No 2," an experimental and communications satellite; the "Shijian [1395 6432 Practice] No 2," a scientific research satellite; and the third reentry-type satellite and its parachute which were retrieved not long ago after returning from space.

Among the exhibits are the "Chang Zheng [7022 1767 Long March] No 3" carrier rocket, the "Heping [0735 1627 Peace] No 2" weather sounding rocket, the "Hongqi [4767 2475 Red Flag] No 2" surface-to-air missile, the "Hongying [4767 2937 Red Cherry] No 5" tactical air defense missile, and the "Feilong [7378 7893 Flying Dragon] No 2," "Yingji [7751 2345 Attacking Hawk] No 2," and "Haiying [3189 7751 Sea Hawk] No 2" advanced missiles which have all been successfully developed recently. Also on exhibition are valuable materials and tape recordings on the development of China's space industry in the last 30 years.

The exhibition is jointly organized by the Ministry of Aeronautics and Astronautics and the Tianjin municipal government. It will close on 24 September.

Northeast Region

Heilongjiang Issues Price Stabilization Circular
SK1109010388 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 3 Sep 88

[Text] On 1 September, the provincial party committee and the provincial government issued a circular that calls on all cities, prefectures, counties, and provincial-level units to conscientiously strengthen party discipline, safeguard the overall situation of reform, and implement the State Council's major decision on achieving current work related to the price of goods and stabilizing the market.

The circular states: Recently, the State Council made a major decision on achieving the current work related to the price of goods and stabilizing the market. This is a key measure for stabilizing the economy and deepening reform adopted by the State Council. Meanwhile, the decision is of great significance in ensuring the smooth formulation and correct implementation of the preliminary program for price and wage reforms adopted, in principle, at the 10th meeting of the Political Bureau of the CPC Central Committee. Therefore, party committees and governments at various levels throughout the province should resolutely implement the decision and adopt realistic and effective measures to stabilize market, the people's common aspiration, and the situation so as to ensure success in next year's reform and overall reform work.

The circular called on localities throughout the province to conscientiously study the guidelines of the 10th meeting of the Political Bureau of the CPC Central Committee and the major decision of the State Council on achieving the current work related to the price of goods and stabilizing the market. It is necessary to disseminate the guidelines of the CPC Central Committee and the decision of the State Council among each and every party member and cadre. We should conscientiously organize discussions, upgrade the people's understanding, seek unity of thinking, and realistically implement the guidelines and requirements of the CPC Central

Committee and the State Council. Simultaneously, all means of propaganda should be mobilized to correctly disseminate reform and the economic situation and to guarantee the measures of the CPC Central Committee and the State Council to safeguard the basic interests of the masses. The masses should be educated and guided to eliminate their misgivings, overcome their panic, ease their minds, and possess firm confidence in achieving reform and promoting economic construction. We should resolutely implement the State Council's decision on new measures for not readjusting the some commodity prices during the latter half of this year. The commodity prices to be managed by the state and the province and the standards for collecting fees defined by the state and the province must not be raised without authorization. Simultaneously, the commodity prices to be managed by cities and counties and the standards for collecting fees defined by cities and counties must not be arbitrarily raised. Pricing departments at various levels should consciously strengthen supervision and control over commodity prices that have been decontrolled. The enterprises and units that raise prices in a disguised or arbitrary manner should be punished according to economic discipline and their principal responsible persons should be called to account. Industrial and commercial, price, and public security departments should take effective measures to resolutely stop the unhealthy practices of driving up the price of goods and disrupting the market. The scale of credits and the input of currency should be resolutely controlled within the state requirements. It is necessary to strengthen the management of existing capital, positively help enterprises tap financial and material potential, and upgrade the benefit from using capital. Enterprises and urban and rural dwellers should be positively organized to deposit money to expand sources of funds. The establishment of new nonbank financial organs must not be approved. Existing nonbank financial organs should be conscientiously sorted out, consolidated, and managed.

The scale of investment in fixed assets should be resolutely controlled. Decisions should be made to sort out office buildings, auditoriums, and hotels. The State Council's directives on resolutely controlling the scale of capital construction and the scale of urban construction should be conscientiously implemented. The construction of unplanned capital construction projects and such nonproductive projects as office buildings, auditoriums, and hotels should be strictly controlled. Construction projects without good markets for products and those without good results should be immediately halted or postponed so as to make the most of the capital. It is necessary to resolutely control the consumption of institutions and reduce institutional purchasing power. All localities should resolutely implement the requirement for reducing 20 percent of administrative expenses as put forth at the beginning of this year. The responsibility system should be implemented among each and every section head. Leaders of units that fail to attain the

requirement should be called to account. The 19 commodities the purchase of which is under special control must not be examined or approved.

The circular also states: All localities should pay firm attention to consolidating and sorting out the various types of companies. The companies in which official functions and business management are not separated and those in which government functions and enterprise management are not separated should be immediately consolidated. Meanwhile, these companies should separate their government functions from enterprise management within a stated period. The companies that use two price systems to indulge in speculation should be resolutely banned. Except for productive enterprises and enterprises related to foreign countries, temporarily the establishment of new companies must not be approved. We should strive to increase production and achieve market supply. All relevant departments should cooperatively and positively organize the supply of the people's daily necessities and the commodities about the supply of which the people are sensitive to ensure the timely supply of these commodities. At present, urban areas should pay prominent attention to the production and supply of meat, eggs, and vegetables; and make good market arrangements for during peak periods. Discipline should be enforced strictly and the overall situation of reform should be safeguarded. Instead of persisting in their old ways, leading comrades of party committees and governments at various levels should proceed from the overall situation of reform to strictly enforce the orders and prohibitions of the CPC Central Committee and the State Council. All units and individuals should abide by the government's regulations on market and price management, must not readily believe or spread rumors, and must refrain from rushing to purchase commodities or driving up the price of goods. All discipline inspection and supervisory departments should really assume responsibility and consciously strengthen inspection and supervisory work. The party and government cadres who do not take the overall situation into consideration and violate discipline must not be tolerated, but should be resolutely examined and handled.

Heilongjiang Expands Foreign Trade Further
*SK0909031588 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 5 Sep 88*

[Excerpt] Harbin City has positively conducted foreign trade with the Soviet Union and East European countries at multiple layers and through multiple channels, thus gaining favorable comment at the work meeting of the northeast, north, northwest and southwest regions of China, which was recently held by the Ministry of the Foreign Economic Relations and Trade.

Thus far, Harbin City has independently signed 50 agreements on economic cooperations with the Soviet Union and East European countries. Early this year Harbin City Foreign Economic Relations and Trade

Company signed an agreement valued at some 100 million Swiss francs with the Far East Area of the Soviet Union. [paragraph indistinct] [passage omitted]

Jilin To Tax Social Bodies on Controlled Items
SK0409000888 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 2 Sep 88

[Text] To bring under strict control social institutions' purchasing power and to curtail social institutions' funds to a reasonable standard to raise funds to compensate for the shortage of funds of elementary and secondary education, the provincial people's government issued Order No 2 on 31 August, in which it published the measure adopted at the 22d routine meeting of the provincial people's government concerning imposing additional taxes on social institutions in purchasing specially controlled commodities. The measure stipulates that organs, communities, enterprises, establishments, and units throughout the province must pay additional taxes when buying specially controlled commodities.

Such taxes will be collected in line with the limits of authority by financial departments at or above the county level. The rate of additional taxes may be set at 5 to 50 percent, depending on conditions. A reduction by half in collecting additional taxes may be available for administration and business units buying specially controlled commodities controlled with their appropriated funds, for production units buying such commodities used directly for production, and for units buying official equipment and vehicles for special purposes, that are produced by state-run enterprises and not on the institutional purchase list.

An additional tax exemption is available for various schools buying such commodities for teaching activities with their educational funds, for enterprises that engage in passenger transportation buying business vehicles, and for joint-venture and foreign-funded enterprises buying such commodities or commodities donated by foreign countries, Hong Kong, and Taiwan, as long as approval has been given by the state or the provincial people's government.

The additional taxes collected by the financial departments at all levels should be considered extra income and must be used for elementary and secondary education undertakings; no unit or individual is allowed to divert this income. Financial departments at all levels should assign full-time personnel to manage such taxes and prevent any

arbitrary tax reduction or exemption in this regard. Units that have evaded this tax by employing trickery should have their payment of such taxes doubled.

Northwest Region

Gansu Starts Development of 5 Economic Zones
OW0709214988 Beijing XINHUA in English
1506 GMT 7 Sep 88

[Text] Lanzhou, September 7 (XINHUA)—Work has started on five small economic development zones along the upper reaches of the Yellow River in Gansu Province.

The northwest China province regards the zones as experimental efforts in turning its rich resources of energy, nickel, copper, lead, zinc, aluminum, antimony, gold, rare earth and chemical raw materials to real economic advantage.

Under construction in the zones are backbone projects, including a silver and aluminum plant, a lead and zinc metallurgical factory, a hydroelectric power station, the second phase of the Jinchuan nonferrous metal company and raw material centers.

Gansu plans a total of 166 projects there, 78 of which will be undertaken with foreign investment.

To speed up the pace of development, the province encourages collectively-owned, private, share-holding and joint enterprises. The planned collectively-owned Jinchuan company will produce 3,000 tons of nickel annually, and the Baochuan Company, being built jointly by the Liancheng aluminum factory and the local government, is designed to have an annual capacity of 600,000 tons of aluminum.

To facilitate foreign investment, local authorities are building roads and installing program-controlled telephone systems.

The zones are part of a development program jointly decided on by the Ningxia Hui Autonomous region, and Gansu and Qinghai Provinces last August.

Qinghai Prepared To Receive Satellite Data
HK0909025388 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 8 Sep 88

[Text] Upon hearing of the successful launching of China's Fengyun No 1 meteorological satellite on the evening of 7 September, comrades working in the cloud chart room of the provincial meteorological observatory were immediately galvanized into action to prepare for receiving information from the satellite.

At 1422 Beijing time on 8 September, the provincial meteorological observatory received the first cloud chart transmitted from our satellite. According to comrades working at the observatory, the cloud chart is clear, with fairly sharp contrast.

Rewards for Taiwan Defectors Abolished
OW1109023788 Beijing XINHUA in English
0137 GMT 11 Sep 88

[Text] Fuzhou, September 11 (XINHUA)—The system of rewards for military personnel from Taiwan who defect to China's mainland has been abolished from today, a spokesman for the units of the Chinese People's Liberation Army (PLA) stationed in Fujian Province announced here today.

The PLA's Fujian Frontline Command and Political Department announced the system in 1962, at a time of tense confrontation across the Taiwan Strait.

In the past few years, the mainland has stopped sending propaganda materials to Jinmen (Quemoy), Mazu and other islands under the control of the Taiwan authorities. This gesture has helped to gradually ease tensions along the Taiwan Strait.

The latest move is aimed at creating a more peaceful environment for improving relations between the two sides, the spokesman said.

Taiwan To Allow Mainlanders To Visit Sick Kin
OW1209103688 Beijing XINHUA Domestic Service
in Chinese 0706 GMT 12 Sep 88

[Text] Hong Kong, 12 Sep (XINHUA)—According to a report from Taipei, the "Mainland Affairs Task Force" of Taiwan's "Executive Yuan" recently held a meeting which amended and approved a "proposal concerning application by mainland compatriots to attend funerals of close relatives or to visit ailing relatives in Taiwan," which had been drafted by Taiwan's "Interior Ministry." According to the proposal, mainland compatriots will be allowed to attend funerals of their parents, spouses, or children in Taiwan or to visit close relatives who are seriously ill or badly injured, without a limit to the number of applicants.

The proposal contains the following provisions: 1. An applicant must submit a letter of guarantee, a signed statement pledging to depart Taiwan upon the expiration of the time limit, and other documents. 2. Application for attending a funeral shall be made within 6 months after the relative's death and for visiting an ailing relative, within 1 month after the issuance of a medical statement by the hospital concerned; one visit is allowed each time. 3. The mainland visitors can stay for up to 2 months each time. 4. Applicants should have return plane or boat tickets, as well as valid entry visas to a third region. 5. Application should be made through Taiwan's representative offices in foreign countries or by relatives or friends in Taiwan. 6. An applicant who endangers "national security" or public order shall not be allowed to enter Taiwan.

Group of Taiwan Residents Arrives by Sea 12 Sep
OW1209112888 Beijing XINHUA in English
1103 GMT 12 Sep 88

[Text] Shanghai, September 12 (XINHUA)—The first group of Taiwan residents to reach the mainland by sea arrived in Shanghai this morning.

The passengers left Keelung Friday on a Panamanian ship and sailed to the port of Naha on Japan's Okinawa island, where they switched to another Panamanian ship bound for Shanghai.

Since the Taiwan authorities lifted bans on mainland visits last November, transportation has been a headache. Similar voyages will be held on a regular basis, it is learned.

The entire trip is about 800 sea miles with a voyage time of over 60 hours. The Shanghai branch of the China Ocean Shipping Agency is entrusted with the responsibility for selling round-trip tickets.

Previously, passengers from Taiwan to the mainland had to go via Hong Kong.

Since November 2 last year, a total of 158,000 Taiwan residents have visited their relatives on the mainland, according to figures released by the Taiwan authorities.

In all, 229,000 Taiwan residents have applied to visit their relatives on the mainland, although 2,996 of them have been refused permission because they are public servants or their visits would "violate certain regulations."

Businessmen Propose Trade Symposium With Taiwan
OW1209111888 Beijing XINHUA in English
1038 GMT 12 Sep 88

[Text] Beijing, September 12 (XINHUA)—Trade and business people on China's mainland in a new gesture here today invited their counterparts in Taiwan to attend an economic and trade symposium focusing on direct trade across the Taiwan Strait.

Zheng Hongye, vice-chairman of the China Council for the Promotion of International Trade (CCPIT) and the China Chamber of International Commerce (CCOIC), told a meeting that preparations for the symposium are under way.

He noted that representatives from the mainland and Taiwan made initial contacts in Hong Kong last month, thus indicating that "relations between the two sides of the strait have been further improved."

Because of a dramatic increase in trade volume between the two sides, the CCPIT Foreign Economic and Trade Arbitration Commission sent a message to Taiwan August 2, calling for cooperation on arbitration.

August 20, representatives from the mainland and the island held a symposium on their commercial arbitration in Hong Kong.

The two sides explored the possibilities of cooperation in solving commercial disputes, arbitration and mediation for their business people.

Zheng said the CCOIC has made headway in joining the Commercial Chamber of International Commerce based in Paris. CCOIC will join the chamber as a national committee while Taiwan will remain a regional one.

The CCPIT has established business relations with commercial organizations in 160 countries and regions.

The vice-chairman said his council will maintain and strengthen its relations with its overseas counterparts, especially in the United States and Europe, in order to attract more investment and technical transfers.

Taiwan Scientists Arrive in Beijing 10 Sep
OW1009143388 Beijing XINHUA in English
1424 GMT 10 Sep

[Text] Beijing, September 10 (XINHUA)—Three scientists from Taiwan arrived in Beijing this afternoon to attend the 22nd General Assembly of the International Council of Scientific Unions (ICSU).

This is the first time for a group of scientists from Taiwan to come to the mainland to officially attend an international meeting.

The delegation, headed by Professor Su Jong Ching, a research scientist from the biochemical institute of Taiwan's "Academia Sinica," includes Prof. Yeh Yeong Tien, director of the Geoscience Institute, and Prof. Zhou Chang Hong, a research biologist from the Institute of Botany of Taiwan's "Academia Sinica."

It is reported that the three scientists' trip was authorized by the top leadership in Taiwan.

"I'm glad to have scientists from both the mainland and Taiwan at the same ICSU meeting," said Sir J. C. Kendrew, president of ICSU.

ICSU is one of the world's largest nongovernmental scientific organizations. More than 200 leading scientists from over 60 nations and regions, including Israel, South Africa and South Korea, which have no diplomatic ties with China, are to attend the summit of top scientists from around the world.

"We greatly appreciate China's respect for our principle of free interflow and exchange of scientists from all parts of the world," an ICSU official remarked.

LIAOWANG Views 'Peaceful Reunification'
HK0909112188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 36, 5 Sep 88, pp 3-4

[Article By Li Shuiwang (2621 3055 2489): "Common Understanding of the Two Shores of the Strait and Peaceful Reunification"]

[Text] Since the Taiwan authorities officially lifted the ban on Taiwan people going to the mainland to visit their relatives on 2 November of last year, there has been a "mainland craze" in Taiwan and simultaneously a "Taiwan craze" on the mainland. The "mainland craze" in Taiwan and the "Taiwan craze" on the mainland have "formed a spectrum in the relationship between the two shores of the Taiwan Strait." As a result, the tension, which had existed between the two shores of the Taiwan Strait for nearly 40 years, has been eased. The relationship between the two shores of the Taiwan Strait has begun to enter a new historical era.

Establish Mutual Trust and Eliminate Animosity [sub-head]

Because of the new changes in the relationship between the two shores of the Taiwan Strait and the new developments on both shores of the Taiwan Strait, people have become more and more concerned about the question of China's national reunification. Many people have begun to carry out an in-depth study on the principles, methods, and procedures regarding China's national reunification and have put forward various propositions and proposals. At the 13th KMT [Kuomintang] National Congress which was convened not long ago, Chen Lifu and 33 other members of the "Advisory Commission" of the KMT Central Committee jointly put forward an "Act on Reunifying China with Chinese Culture, Establishing Common Understanding, and Jointly Realizing the National Development Plan by Making Investments, Establishing Mutual Trust, and Finally Realizing the Peaceful Reunification of China" and suggested that "both shores of the Taiwan Strait should carry out consultations on political cooperation with each other after establishing mutual trust and eliminating animosity." Tao Pai-chuan, "National Policy Adviser to Taiwan's Presidential Palace," has recently published an article entitled "What Is the Most Appropriate Policy Toward the Mainland" in Taiwan's "LIEN HO PAO." In his article, Tao Pai-chuan pointed out that "the most appropriate policy toward the mainland is to allow communications between the two shores of the Taiwan Strait" and said that "both shores of the Taiwan Strait have delayed such communications for 40 years." "Now since changes have taken place in the environment, time, and actual situation between the two shores of the Taiwan Strait, it won't be easy to continue to delay such communications." "So, Taiwan should change its policies toward the mainland." "The Policy of 'Three Nos' and the Policy of 'Three Resistances' must be amended." Tao Pai-chuan has also pointed out that "in order to achieve reconciliation between the two shores of the

Taiwan Strait, both sides should first establish common understanding." "The entire question of reunification, including the principles, methods, and procedures concerning China's national reunification, can also be discussed." Tao Pai-chuan also suggested that both shores of the Taiwan Strait should first "establish common understanding" through "communications and coordinations" and then advance towards peaceful reunification. I think that all of Mr Tao Pai-chuan's views are appropriate and positive views which have far-reaching significance.

To realize peaceful reunification between Taiwan and the mainland is a very complex and difficult political project which will touch upon the interests of all sides. Therefore, in order to realize the peaceful reunification of China, we must take into account the various types of interests and contradictions and must try to "seek common understanding out of differences." Only by seeking common understanding out of differences will we be able to realize the the national reunification of China. However, in order to eliminate misunderstandings, worries, and animosity and increase understanding and establish "common understanding" and "mutual trust" between the two sides of the Taiwan Strait, both shores of the Taiwan Strait should carry out communications and contacts with each other. Only by carrying out exchanges and communications with each other will the two sides of the Taiwan Strait be able to "seek common ground while reserving differences" and establish "common understanding" and "mutual trust" with each other. This is the reason why the CPC has repeatedly expressed its welcome to the people of all walks of life in Taiwan, including the KMT personages, who want to visit the mainland, and proposed that both sides of the Taiwan Strait should contact each other in an appropriate place to exchange views and hold consultations with each other on the question of the peaceful reunification of China.

Do the two sides of the Taiwan Strait have a "common understanding" and a common basis with regard to the peaceful reunification of China? In my view, the two sides of the Taiwan Strait do have a "common understanding" and a "common basis." As far as the overall situation on both shores of the Taiwan Strait is concerned, I think that the CPC and the KMT and the people on both shores of the Taiwan Strait at least have a common understanding on the following questions, which can be regarded as the basis for the peaceful reunification of China.

The Stand of One China—The Most Important Political Basis for the Reunification of China [subhead]

Politically, the CPC, the KMT authorities in Taiwan, and the broad masses of the Chinese people all agree that "there is only one China" and oppose the "independence of Taiwan." During his life-time, Mr Chiang Ching-kuo always adhered to the stand of "One China" and

opposed the "independence of Taiwan." Sun Yun-hsuan, former "President" of Taiwan's Executive Yuan, once said: "Being content to retain sovereignty over a part of the country is not the way out for Taiwan and splitting China will only destroy Taiwan;" "only by adhering to the stand of one China will it be possible to defend Taiwan." Since taking office, Li Teng-hui has also stated that "any proposition aimed at splitting the motherland will not be tolerated by the cardinal principles of righteousness of our nation." Recently, Chiang Wei-kuo has also stressed: "China must be reunified. Only by carrying out cooperation will it be possible for the mainland and Taiwan to continue to develop and prosper. If the mainland and Taiwan are split up, both will be destroyed." Now, more and more KMT personages and non-KMT personages have come to realize that the "independence of Taiwan" is not a way out for Taiwan and they should be on guard against "making irresponsible remarks and taking risks," otherwise they would "be condemned by history" and "do harm to China." Since the Taiwan authorities officially lifted the ban on Taiwan people visiting their relatives on the mainland and lifted the martial law in Taiwan, the ideological trend of the "independence of Taiwan" has gained more ground in Taiwan. As a result, a handful of people in Taiwan more enthusiastically advocate the "independence of Taiwan." However, it seems that these people will get nowhere. This is because the majority of the Taiwan compatriots oppose the "independence of Taiwan." Therefore, adherence to the stand of one China and opposition to the "independence of Taiwan" are the most important political basis for the realization of the peaceful reunification of China.

Complement Each Other in Economic Development—Realize Common Development and Common Prosperity [subhead]

Economically, both sides of the Taiwan Strait advocate building China into a prosperous, powerful, and modern country and believe that Taiwan and the mainland can economically complement each other and should carry out cooperation with each other in order to realize common development and common prosperity. At present, the mainland is embarking on its modernization drive centered on the building of the four modernizations and the implementation of the policies of opening up to the outside world. To carry out economic development and "update the productions" are also the major tasks of the Taiwan authorities. Both shores of the Taiwan Strait have achieved remarkable economic successes in their respective economic development. Both shores of the Taiwan Strait have their own strong points and weak points with regard to their respective economic development. This is why I say that both shores of the Taiwan Strait can support each other and complement each other in economic development. The economic cooperation between the two shores of the Taiwan Strait will be conducive both to the economic development of the mainland and to the economic development of

Taiwan and will therefore push forward with the development of the entire Chinese nation. Since the 1960's, Taiwan's economy has been developing very rapidly. Taiwan has gained a lot of experiences in the development of the light industry, textile industry, processing industry, and assembly industry and has gained a lot of experiences in enterprise management and foreign trade. Taiwan has also trained a large number of its own qualified scientific and technological personnel. However, because Taiwan has only a limited market and lacks resources, Taiwan has been suffering from its "congenital deficiency." Over the past few years, under strong pressure from U.S. protectionism, strong competition from South Korea and some other countries and regions whose economic strengths are being strengthened, and Taiwan's own political instability, Taiwan has met with a growing number of difficulties in its economic development and has found it imperative to find a new way out for its own economic development. The mainland with a population of one billion is a vast market. The mainland is rich in minerals and energy resources. Over the past few decades, the mainland has also trained a large number of its own qualified scientific and technological personnel. Therefore, if both shores of the Taiwan Strait establish economic relations and relations of scientific and technological cooperation and carry out normal economic and trade exchanges, the mainland's superiority in minerals and energy resources will offset Taiwan's inferiority in these fields and Taiwan will also be able to use its surplus funds to make investments on the mainland. Otherwise, Taiwan's economic development would certainly be seriously hampered. A lot of people in Taiwan's industrial and commercial circles have pointed out that both shores of the Taiwan Strait can "complement each other" in economic development. Taiwan cannot further develop its economy without the support of the mainland which is the "hinterland" of China. The development of the economic relations between the two shores of the Taiwan Strait will be conducive to both the mainland and Taiwan, especially to Taiwan. This is why the people of all walks of life in Taiwan have unanimously demanded the Taiwan authorities to "open up" economic relations with the mainland, restore and develop trade relations with the mainland. In one word, the development of the economic cooperation between the two shores of the Taiwan Strait will be 100-percent beneficial to both sides of the Taiwan Strait, particularly to Taiwan.

The Hereditary Cultural Traditions of the Chinese Nation [subhead]

Historically and culturally, the mainland and Taiwan have always been an organic whole and have gone through thick and thin together. The relationship between Taiwan and the mainland is so close that a Taiwan newspaper once commented: "The mainland and Taiwan are so close it is as if they were the leaves and branches of a tree because they have the same root. Therefore, the mainland and Taiwan can only depend on

each other for survival and can never be separated. Because the mainland and Taiwan have the same origin, they share each other's fortunes."

Both shores of the Taiwan Strait also have the same cultural origin. The culture of Taiwan and the culture of the mainland China can be traced back to the same origin. The clothes, food, life style, transport means, customs, habits, written and spoken languages, religious beliefs, and religions systems of the majority of the Taiwan people originate from Mainland China which is their motherland. Taiwan and the mainland are closely integrated with regard to their national blood relationship, history, culture, and so on. Both sides of Taiwan Strait advocate the development of the glorious traditions of the Chinese culture which has had a long history. All these are an indispensable basis for cooperation between the two shores of the Taiwan Strait.

The Tie of Common National Feelings [subhead]

As far as the national feelings are concerned, the people of all nationalities on both shores of the Taiwan Strait are the component parts of the big family of the Chinese nation. The majority of the Taiwan compatriots originally came to Taiwan from Fujian Province, Guangdong Province, and some other provinces of the mainland during the Ming Dynasty and the Qing Dynasty. Only a small number of Taiwan compatriots are of the local Gaoshan nationality of Taiwan. Therefore, we can say that the majority of the Taiwan compatriots have their "roots" on the mainland and are the ancestors of the Chinese nation. The small number of Taiwan compatriots of the local Gaoshan nationality have already become part of the big family of the Chinese nation. Although a handful people in Taiwan are now advocating the so called theory of "Taiwan nation," the majority of the Taiwan compatriots do not agree to this theory because they have a strong "sense of national identity." Just as some well-known non-KMT personages in Taiwan have said: "We are all Chinese;" "Taiwan and the mainland will eventually be reunified because we all came from the mainland;" "We should not betray our motherland." The strong tie of common national feelings between the two shores of the Taiwan Strait is the basis for the realization of the reunification of China.

From what has been said above, we can see that both shores of the Taiwan Strait have a sound basis for the realization of the peaceful reunification of China. This basis should be regarded as the biggest "common understanding" between the two sides of the Taiwan Strait. However, the two sides of the Taiwan Strait still need to communicate with each other and contact each other on the specific conditions, methods, and procedures of realizing the peaceful reunification of China. If both sides of the Taiwan Strait do not communicate with or contact each other, how can they strengthen the understanding, eliminate worries, differences, and animosity, and establish "common understanding" and "common trust" between them?

**The Measures Conducive To Opening Up Relations
Between the Two Shores of the Taiwan Strait [subhead]**

The recently convened 13th KMT National Congress formulated the so called "Policies Toward the Mainland at the Present Stage," providing a certain degree of "flexibility" to the continued relaxation of control over the civilian contacts between the two shores of the Taiwan Strait and leaving some room for the implementation of the relevant policies. This time, by formulating the "Policies Toward the Mainland at the Present Stage," the KMT authorities have clearly defined the orientation and principles governing the continued relaxation of control over the civilian contacts between the two shores of the Taiwan Strait. This is no doubt a major step forward. For example, the 13th KMT National Congress has decided to "allow the Taiwan enterprises to import raw materials from the mainland through indirect channels," "continue to relax control over the Taiwan people going to visit their relatives on the mainland so as to allow more Taiwan people to visit their relatives on the mainland in respect of their actual conditions," "allow the civilian organizations of Taiwan to adopt appropriate measures to transfer the letters of the people living on both shores of the Taiwan Strait to their relative," "allow the import of academic, scientific, technological, literary, and artistic publications from the mainland after examination," "deal with matters concerning both sides of the Taiwan Strait participating in the international sports competitions according to the regulations of the International Olympic Committee and the regulations of other relevant international organizations," and so on. Over the past more than a month since the end of the "13th KMT National Congress," the Taiwan authorities have adopted various measures to relax its control over the contacts between the two shores of the Taiwan Strait. For example, the Taiwan authorities have allowed the Taiwan enterprises to import 55 types of industrial and agricultural raw materials from the mainland. In the past, the Taiwan authorities only allowed the Taiwan enterprises to import some 33 types of industrial and agricultural raw materials from the mainland. In the past, the Taiwan authorities only allowed the Taiwan people who "have three types of relatives" on the mainland to go to the mainland to visit their relatives. Now, the Taiwan authorities have allowed the Taiwan people who "have four types of relatives" on the mainland to go to the mainland to visit their relatives. The Taiwan authorities are also considering allowing a small number of mainland people to go to Taiwan to attend funerals of their close relatives and see their relatives who are seriously ill, allow the Taiwan newspaper reporters, radio and television reporters, and television and movie actors and actresses to visit the mainland and make movies there, and allow the academic institutions of Taiwan to send their personnel to

Beijing to attend the Annual Conference of the International Science Association in the name of "civilian organizations." These measures adopted by the Taiwan authorities are no doubt conducive to the communications and exchanges between the Chinese people living on both shores of the Taiwan Strait and to the development of the economic and cultural relations between the two shores of the Taiwan Strait.

The Outdated Policy of "Three Nos" [subhead]

However, while continuing to relax control over the civilian exchanges between the two shores of the Taiwan Strait, the Taiwan authorities still stick to its policy of "Three Nos" and still regards the official relations between the two shores of the Taiwan Strait as the "relations between the 'enemy and us'" and has even planned to launch a so called "political counteroffensive" against the mainland and a so called "economic landing" on the mainland. The Taiwan authorities are still trying to politically, economically, ideologically, and culturally infiltrate into all aspects of the mainland society in order to "change" the mainland and realize the "reunification of China according to the Three People's Principles." Internationally, the Taiwan authorities are still trying to get other countries to accept the concept of "dual recognition" in order to free itself from the isolation of the international community. In my view, all these negative measures adopted by the Taiwan authorities are impractical and unrealistic measure which run counter to the present trend of the development of the relations between the two shores of the Taiwan Strait. The KMT authorities have stated repeatedly that it is necessary to adopt "more active measures" toward the mainland, but still continues to basically stick to its "single-track" policy of only allowing civilian exchanges between the two shores of the Taiwan Strait and imposes strict restrictions on the mainland compatriots visiting Taiwan. The Taiwan authorities have also been very reluctant in carrying out official exchanges and contacts with the mainland. This shows that the Taiwan authorities are very weak in nature. Just as Mr Tao Pai-chuan pointed out: "The most appropriate policy toward the mainland is to allow communications between the two shores of the Taiwan Strait." I think that the Taiwan authorities should not only allow civilian communications between the two shores of the Taiwan Strait but also carry out official "communications" with the mainland. This is because only through contacts, communications, and exchanges will both sides of the Taiwan Strait be able to directly know on what matters they share the same views and on what matters they still have differences so as to gradually eliminate the differences and animosity, enhance understanding, and establish more "common understanding." Contacts, communications, and exchanges between the two shores of the Taiwan Strait are the only way to realize the peaceful reunification of China.

Radio Commentary on Carlucci's Beijing Visit
OW1109134288 Taipei International Service
in English 0200 GMT 10 Sep 88

[Station commentary: "Carlucci Calls on Peking"]

[Text] U.S. Secretary of Defense Frank Carlucci was in Peking this week where he once again delivered a plea from Washington for Peking to stop indiscriminately selling advanced missiles to nations involved in world hot spots. For the past year, the United States has been trying to persuade Peking not to sell long-range missiles to Syria and Saudi Arabia, but to no avail.

As Carlucci pressed his hosts on the missile issue, the Chinese Communists wanted instead to talk about U.S. satellite launches using Chinese Communist rockets. Interestingly, that issue came up at all Carlucci's top-level meetings in Peking. The United States is currently considering whether to permit U.S.-made satellites to be launched on Chinese Communist rockets. Peking would like to get into the commercial satellite act, and has its eyes set on the backlog of satellite launches that came about in the United States as a result of the delay in the space shuttle program.

In reply to Carlucci's message about the missiles, Chinese Communist leaders denied again that they had sold weapons, including the Silkworm missiles, to Iran. They added that their arms sales to the Middle East are intended to ensue peace, not war. Peking also used the excuse that its arms sales are a drop in the bucket compared with those of the United States and other powers. And, finally, Peking admitted to Carlucci that the arms sales bring in valuable foreign currency earnings, and will continue for that reason alone, if necessary.

Carlucci told his hosts, however, that the United States considers long-range missiles to be horses of a different color than ordinary arms sales. He renewed the plea for Peking to halt the sales in the best interests of world peace. All he got was a pledge from Peking to be more prudent in its sales policy.

But Peking was more interested in talking about satellite launches, a subject Carlucci most likely felt unqualified to address. The U.S. State Department, true to form, has recommended that Washington allow Communist China to launch U.S. satellites. But the Commerce Department and a block of Republican members of Congress are holding up the decision. They do not trust Peking, and they feel that priority should be given to U.S. companies that are trying to develop satellite launching capabilities.

The Chinese Communists also pressed Washington on permitting more sales of high-tech items. They expressed disappointment that Washington still treated them in some ways as being in the same risk category as the Soviet Union.

Carlucci replied that the United States views Communist China as a friend but not an ally, making some restrictions on high-tech sales necessary. He also told his hosts that Washington does not view Moscow and Peking in the same light, which is disappointing to America's longtime friends in the Republic of China on Taiwan.

The reality is that Communist China goes against the grain of U.S. interests more often than not, such as in UN votes and destabilizing arms sales around the globe. Such actions are not those of a friend, but rather those of an enemy posing as a friend in peace time.

U.S. Trade Imbalance Drops 'Significantly'
OW0909064988 Taipei CNA in English 0243 GMT
9 Sep 88

[Text] Taipei, Sept. 9 (CNA)—The trade imbalance between the Republic of China (ROC) and the United States dropped significantly in the first half of 1988, mainly because of the tremendous growth of ROC imports from the U.S.

The Board of Foreign Trade (BOFT) said Thursday that the ROC imports from the U.S. in the first six months of 1988 grew 118 percent from the same period of last year, while its exports to the U.S. only increased 1.2 percent, causing the trade surplus in ROC's favor to drop 37 percent.

BOFT quoted statistics published by the U.S. Commerce Department as saying that the ROC imported U.S. dlr 6.7 billion worth of goods from the U.S. in the first half of 1988, up 118 percent from last year—the highest growth of major U.S. trade partners. The ROC imports also accounted for 4.3 percent of the total U.S. Exports. The figures indicate the ROC's sincerity in reducing the ROC-U.S. trade surplus, BOFT said.

The volume of the ROC exports to the U.S. in the first six months of this year reached U.S. dlr 12.7 billion, a growth of only 1.2 percent from 1987, and 5.7 percent of U.S. imports. ROC-U.S. bilateral trade grew 24 percent, to account for 5.1 percent of the total U.S. trade market.

BOFT also indicated that the ROC's trade surplus with the U.S. totalled U.S. dlr 5.96 billion, a drop of 37 percent from a year ago. The ROC, next to Great Britain, is the U.S. trade partner which has done the most to redress the trade imbalance with the U.S.

Task Force on Mainland Visits Issues Proposal
OW1009162988 Taipei CNA in English 1529 GMT
10 Sep 88

[Text] Taipei, Sept. 10 (CNA)—A high-ranking government task force in charge of Chinese mainland affairs Saturday proposed that the government ease restrictions

on visits by people from the mainland, allowing them to attend funerals for close relatives and visit ailing relatives in the Republic of China (ROC).

The mainland affairs task force of the Executive Yuan, headed by Vice Premier Shih Chi-yang, made the proposal in its third meeting since the organ was established last month.

The proposal will be submitted to premier Yu Kuo-hwa for approval before it can be put into effect, a government information office statement said.

According to the proposal, mainland Chinese will be allowed to attend the funerals for their parents, spouse and children in Taiwan or to visit close relatives here who are seriously sick or badly injured. The mainland visitors can stay for up to two months each time.

Applications for such visits should be relayed to the ROC Government through ROC embassies and representative offices in foreign countries, the statement said.

The proposal, also provides that Mainland Chinese who have been members of the Chinese Communist Party or have taken part in seditious activities or violent and terrorist groups would be banned from visiting here.

The restrictions are set in accordance with the National Security Law, which prohibits anyone considered a threat to national security and social order from entering the ROC, the statement said.

Commentary on Government's New Mainland Policy
OW1109134788 Taipei International Service
in English 0200 GMT 11 Sep 88

[Station commentary: "New Mainland Policy Aired"]

[Text] Rumors circulated in Taipei this week that the Central Standing Committee of the Kuomintang, the majority party in the Republic of China (ROC) on Taiwan, was set to discuss further liberalizations in policies toward Mainland China. But the committee did not, however, get around to such discussions on Wednesday, at the weekly meeting.

The decisionmaking body shelved discussion on two major proposals on the Mainland China policy agenda. Decisions are to be made to permit Taiwan-based journalists to cover major events on the mainland, and to permit cultural, sports, and other nongovernmental groups on Taiwan to attend international meetings on the mainland.

These revisions in the mainland policy, if passed by the cabinet later on, would push forward the process on Taiwan's opening up to the mainland.

The first breakthrough occurred on 2 November 1987 when, for the first time in almost 40 years, Chinese on Taiwan were permitted to visit relatives on the mainland. After 6 months, the government conducted an evaluation of the family reunion policy, as a means of determining whether or not to expand the categories of those who may visit the mainland.

Since the new policy took effect, more than 220,000 persons have applied for permission to visit relatives on the mainland. Some 150,000 have made trips there. Less than 3,000 applications have been rejected, either for security reasons or because applicants could not prove they had relatives on the mainland.

The 6-month review was overseen by the Ministry of Interior, which also issued recommendations to the cabinet. Among other things, the ministry called for an expansion of the categories of persons who may visit to include government employees not in sensitive positions and who are not soldiers, policemen, or undercover agents. The ministry also recommended that some visitors from the mainland be allowed for the first. [sentence as heard] It suggested that people on the mainland be allowed entry to Taiwan for a maximum period of a year to visit parents, children, and spouses who are ill, or have to visit the graves of those already deceased. [sentence as heard]

The cabinet has set up a mainland policy task force to make suggestions on what the pace and scope of further liberalizations should be. The Ministry of Interior's proposals have been passed to the task force.

Meanwhile, the Kuomintang's Department of Mainland Operations delivered a report at Wednesday's meeting in which it instructed that the government should strengthen ties with Overseas Chinese as a means of launching a political offensive toward the mainland. The report also urged the ROC Government to help expedite economic liberalization on the mainland by further liberalizing indirect trade with the mainland in a scientific and systematic basis. The department also echoed the Ministry of Interior's call for expanded people-to-people contacts across the Taiwan Strait, including for the first time a proposal to allow mainlanders to visit Taiwan on a case-by-case basis.

If the recent stirrings about mainland policy are on accurate yardstick, it appears further breakthroughs in people-to-people contacts between Taiwan and Mainland China are in the making.

RENMIN RIBAO Response Cited on Reunification
OW0909141088 Taipei International Service
in English 0200 GMT 9 Sep 88

[Station commentary]

[Text] The Chinese Communists have responded for the first time to a peaceful reunification proposal by Chen Li-fu, a senior member of the ruling Kuomintang Central

Advisory Committee. The overseas edition PEOPLE'S DAILY echoes Chen's proposal in a commentary on Wednesday, saying that Chen's enthusiasm in seeking the reunification of China is admirable, and that his proposal is very constructive.

The commentary, entitled "Mutual Trust and Cooperation Across the Taiwan Strait for Promoting China's Reunification," said that all patriotic political parties or people should sit down and talk as soon as possible to eliminate hatred, and hence promote understanding and the nation's reunification. The Communist paper did not mention whether Peking will give up the four cardinal principles or renounce the use of force against Taiwan. The article drew the conclusion that any problem can be properly solved as long as talks begin.

Meanwhile, experts on Chinese Communist affairs commented that the commentary in the PEOPLE'S DAILY lacks the sincerity to promote democracy and equitable distribution of wealth in Mainland China. Chen's proposal was superficially welcomed and, as a matter of fact, the article intentionally skipped the topics of renouncing the four cardinal principles and restoring traditional Chinese culture. This shows that the Chinese Communists only intend to engage Taiwan in talks and absorb the island's capital.

Indirect Ferry Service to Mainland Launched
*HK0909085088 Hong Kong AFP in English 0843 GMT
9 Sep 88*

[Text] Taipei, Sept 9 (AFP)—Taiwan shipping firm Excelsior Marine Co. Friday launched the first indirect ferry service between Taiwan and China, taking some 80 passengers to a Japanese island to meet with another vessel to Shanghai.

The 5,100-ton Panama-registered Neptune left from the northern port of Keelung for a one-day voyage to Naha on the island of Okinawa. The Neptune, with a crew of 70, can carry 314 people.

The passengers are to be picked up at Naha by the 4,700-ton Mercury, also owned by Excelsior, and sail to Shanghai in one and a half days.

Excelsior charges 17,000 Taiwan dollars (594 U.S.) for the first class return journey and 15,000 Taiwan dollars (524 U.S. dollars) for economy class.

The Taipei government bans locally-registered vessels from calling on Chinese ports but ships flying foreign flags are allowed to sail between Taiwan and the mainland with a stop-over in a third port.

The ferry service is expected to help relieve the packed flights to Hong Kong since the Nationalist government permitted local residents to visit relatives in China through intermediate points in November.

The Bureau of Entry and Exit has authorized 227,000 Taiwan residents to travel to China since then and 15,700 have made the journey.

Taiwan's flag-carrier, the China Airlines, has boosted service to meet the demand, increasing the number of weekly flights to the British colony to 70 from the 40 offered before April.

Some 900 retired servicemen from Taiwan were stranded at Hong Kong for about a week in June before extra flights were dispatched to fly them home.

Hong Kong

Official on U.S. Senate Passage of Import Bill
HK1109010288 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 11 Sep 88 p 3

[Text] Asian governments and officials—including Hong Kong—are disappointed with the passing of a bill yesterday in the American Senate designed to curb imports of clothing and textiles into the U.S.

It is widely believed that the bill is a blatant protectionist measure and that its approval will hurt both exporters in this part of the world as well as American consumer markets.

It is also felt that the bill is unnecessary and unlikely to survive a presidential veto.

"The bill is totally unnecessary and inappropriate because the U.S. textile industry has been doing well," said Miranda Chiu, Hong Kong's acting assistant director of trade.

"Any protectionist measure would definitely have adverse effects on exporting countries such as Hong Kong," Ms Chiu said.

She said it would be difficult to gauge the precise impact on the territory because the bill does not provide details on how it would be implemented.

Exports from Hong Kong of apparel and clothing accessories to the United States reached HK\$26.9 billion in 1986, up nine percent from the previous year, according to the Census and Statistics Department.

Exports of textile fabrics to the U.S. totalled HK\$902 million in 1986, up 11 percent from 1985.

"It is regrettable that the U.S. Senate approved the bill, ignoring the fact that U.S. textile exports have increased," said Chang Chang-han, acting secretary general of the Taiwan Textile Federation.

The Senate, by a 57-32 vote, approved new curbs on textile, clothing and shoe imports. The bill still needs approval by the House of Representatives before it can be sent to President Ronald Reagan.

"We hope President Reagan will veto the bill if it is passed by the House," Mr Chang said.

"Such a protectionist measure will only hurt American consumers, who would have to pay higher prices for textile products."

Mr Chang said the measure would have a serious effect on Taiwan's textile industry as the U.S. had been the country's largest market for textile goods.

The bill would freeze this year's imports of textiles, apparel and non-rubber footwear at 1987 levels and limits their growth to one percent annually thereafter.

Last year, Taiwan's apparel and textile exports to the United States totalled \$3.2 billion (HK\$24.9 billion).

U.S. Secretary of Defense Carlucci Arrives
HK1009075288 Hong Kong AFP in English 0751 GMT 10 Sept 88

[Text] Hong Kong, Sept 10 (AFP)—U.S. Defense Secretary Frank Carlucci arrived here Saturday after a six-day visit to China, officials said.

Mr. Carlucci was scheduled to hold a press conference Sunday before flying to Washington, the officials said.

The defense secretary, who had met top Chinese leader Deng Xiaoping and other officials in Beijing, told reporters Wednesday in the Chinese capital he was satisfied with Chinese assurances that it would act responsibly in selling missiles abroad.

He also said he supported the United States giving companies the right to export commercial satellites to China for launch aboard Long March rockets.

Mainland Officials Urge Consensus on 1997 Issues
HK0709051588 Hong Kong HONGKONG STANDARD in English 7 Sep 88 p 1

[By Yau Shing-mu]

[Text] Visiting Chinese officials in Hong Kong are manoeuvring among different political groups in the hope of persuading them to iron out a compromise on two contentious political issues.

Two high-ranking Chinese officials in charge of Hong Kong affairs, Mr Li Hou and Mr Lu Ping, stressed the need and urgency of compromising among Hong Kong people when they met local political activists on different occasions yesterday.

The key contentious issues are the composition of the legislature of the Hong Kong special administrative region (SAR) and the electoral system for the SAR's chief executive.

The crux is how significance the popular and general election should play its part. [sentence as published]

Concerning these two issues, the Chinese drafters did not offer concrete formulae of their own that they can promote and "sell to Hong Kong people," according to those who have talked with the Chinese drafters.

A lawyer who met the drafters and declined to be identified said: "I don't know whether they have had their own formula or not, or whether they have any preference. But one thing is certain, even if they have, they did not say and tell you."

The drafters met members of the basic law consultative committee, academics and political scientists, and labour unions yesterday.

Some said the Chinese drafters would sincerely let Hong Kong offer compromises, rather than impose their will.

But it was noted that their aim was either to see a single formula which could be commonly accepted by the majority of Hong Kong people, or the design of a workable mechanism to allow progressive change towards democracy.

The standard was told yesterday that the Chinese drafters tried first to convince the participants of the need for and urgency of a compromise and the desirability of a consensus reached by Hong Kong people, lest the Basic Law Drafting Committee or the Standing Committee of the National People's Congress imposed its decision.

They then advised the participants to "give something in order to take something."

Concession was said to be a must in order to reach compromise.

The Chinese drafters also helped analyse key features and the principles behind three to four major alternatives so that the participants could better understand their own positions and the worries and criticisms of the opponents.

The Chinese drafters also suggested the local drafters should play greater part in moderating the rival groups.

Mr Lu and Mr Li will this morning meet the group of 81 business and professional people, and the liberal group of 190 tomorrow.

PRC Group Lost Large Sum in October Market Crash
HK0609115488 Hong Kong AFP in English
0913 GMT 6 Sep 88

[Text] Hong Kong, Sept 6 (AFP)—A Hong Kong investment firm set up by mainland Chinese interests lost about 35 million Hong Kong dollars (4.5 million U.S.) in the October stockmarket crash last year, company officials said Tuesday.

Zhang Jianhua, chairman of Hong Kong Macao International Investment Co Ltd, said earlier that the company had decided to pull out of the Hong Kong stockmarket. Mr Zhang told reporters Monday that the move followed a reorganization of the firm which was now 100 percent Beijing-owned.

Under the reshuffle, four mainland Chinese firms led by the Bank of China paid about 300 million Hong Kong dollars (38.5 million U.S.) to buy out 22 other shareholders, he said. These were Chinese businessmen from Hong Kong, including Sir Yue-kong Pao and Li Ka-shing, and other Asian countries.

Hong Kong Macao International was set up by Bank of China in 1984 to help boost Hong Kong's "prosperity and stability" amid uncertainty over Sino-British negotiations on the British colony's future, Mr Zhang said.

"The mission is now accomplished," he said, adding that the reshuffle was necessary as other shareholders were busy with their own businesses.

The company's current shareholders include trading firm China Resources Holdings Ltd and shipping company China Merchants Steam Navigation Co Ltd.

Mr Zhang said the company would from now on concentrate on investment along China's coast which was estimated to amount to 360 million U.S. dollars between now and 1989, Mr Zhang said.

Under a 1984 Sino-British pact, Hong Kong is to return to Chinese sovereignty in 1997.

'Group of 81' Leader Criticizes PRC-Backed Firms
HK0809011788 Hong Kong SOUTH CHINA
MORNING POST in English 8 Sep 88 p 1

[By John Tang]

[Text] A Basic Law Consultative Committee member has urged Beijing to immediately rectify widespread malpractices and bureaucracy in China-funded enterprises in Hong Kong to maintain local confidence.

Businesswoman Miss Veronica Wu warned that an influx of mainland traders and capital already posed a threat to the territory.

If the mainland companies were left uncontrolled, doubts could be cast on China's sincerity in keeping Hong Kong stable and prosperous, thus jeopardising the territory's economic as well as its political future, she said.

Miss Wu said that instead of helping the local economy, Chinese capital and companies had damaged it.

Miss Wu said many local businessmen had complained that some of the officials of mainland enterprises were so bureaucratic that they give an impression that they were here to take over Hong Kong.

"Some of the cadres are greedy and corrupt and they know nothing about the operation of the local business mechanism," she said.

Miss Wu is a leader of the conservative Group of 81 and is standing against businessman Mr Jimmy McGregor in the 1,290-member General Chamber of Commerce constituency for a seat on the Legislative Council.

Speaking after a lunch meeting, Miss Wu said China should take immediate action to rectify the misbehaviour of mainland traders.

Some of the mainland-based firms were engaged in speculative activities and used the profits from Hong Kong to purchase consumer goods for sale in China at high prices, she said.

Others were set up in the territory with the sole aim of opening joint venture businesses in China so as to enjoy tax reductions and other privileges afforded overseas traders.

Miss Wu said these companies were more competitive because it was easier for them to obtain loans from China-based banks in Hong Kong.

"Because of unlimited support from China, they have no concept of cost effectiveness.

"They are not responsible to the public and their aim is to obtain foreign exchange," Miss Wu said.

Although most of these operations were legal, they had caused great losses to the Chinese Government and had forced many local traders out of business.

Local tourist agencies, construction companies, restaurants and department stores selling mainland products were the worst affected.

Miss Wu said unscrupulous mainland traders might represent a significant percentage in the 2,000 Chinese firms in the territory.

Mainland companies, most of which are linked to different levels of the Chinese administration and state departments, as well as privately run, have a total investment in Hong Kong of \$80 billion.

Government To Relax Restrictions on Refugees

HK0809011188 Hong Kong SOUTH CHINA
MORNING POST in English 8 Sep 88 pp 1, 6

[By Simon Macklin]

[Text] The Government yesterday admitted it was concerned about international criticism of the harsh conditions imposed on Vietnamese boat people and announced plans to relax restrictions on refugees being held in closed centres.

But officials said the notorious San Yick closed camp where more than 4,000 refugees are being detained would be one of the last centres to benefit from the new policy.

No timetable had been agreed for the relaxation but the refugees would soon be able to leave the closed camps and work in the local community, Security Branch officials said.

The relaxations are to include:

Allowing voluntary groups to operate job placement programs to find local employment in both skilled and unskilled capacities for refugees.

Establishing vocational programs to help refugees acquire skills which would help them to find jobs.

Allowing refugees out of the closed camps for recreational purposes.

Phasing out Correctional Services Development staff from the closed camps with the management to be undertaken by relief agencies sponsored by the office of the United Nations High Commissioner for Refugees (UNHCR).

Immigration Department officials have already begun the task of issuing special identity documents to the Vietnamese refugees in the closed centres.

One senior Security Branch official said the Government had considered international opinion in taking the decision to relax regulations.

"Internationally this move must be of some help to us—the closed camp policy has long been criticised," he said.

It was hoped the move would reduce international criticism of the Government's refugee policy.

He denied the British Government had dictated the relaxed policy but said Whitehall had been kept closely informed of the new move.

A Government spokesman stressed the relaxation would only apply to Vietnamese boat people who had arrived in Hong Kong before the change in policy on June 16.

However, the United States lobby groups, Refugees International and the Lawyers Committee for Human Rights, said yesterday they now intended to renew attempts to gain permission for them to enter Hei Ling Chau detention centre for refugees who arrived after June 16.

Neither organisation has yet received clearance but the Government has agreed to let a representative of the Indochina Resource Action Centre (IRAC) to inspect the screening at Hei Ling Chau.

IRAC is sending lawyer Janelle Diller to the territory on September 15 for a weeklong visit under the sponsorship of the U.S. consulate in Hong Kong.

However, Refugees International's executive director, Mr Shep Lowman, will arrive in Hong Kong on Saturday in the hope that permission will be granted in view of yesterday's shift in Government attitude on the closed camps.

The Government spokesman said the UNHCR had agreed to ask a voluntary agency to start an employment placement service for the refugees from the closed centres.

The Security Branch official said he did not expect the refugees would have any problems finding jobs as a result of the existing conditions in the labour market.

But he denied that the refugees would be dumped on the labour market as cheap unskilled labour.

Laws governing labour regulations would be applied to the refugees in the same way as other employees.

And because of the limited space in the closed centres, the refugees would be allowed to leave the camps for recreational purposes.

Initially the refugees would be allowed to leave the centres in organised groups but regulations would be progressively relaxed as the Vietnamese people became more accustomed to the local environment.

It was intended that responsibility for the management of the closed centres would be gradually handed over and the Shamshuipo and Tuen Mun Bowring camps would eventually become open centres under the management of the UNHCR.

"When you are going to see the first VR [Vietnamese refugee] on the streets I can't say," the official said.

The UNHCR would also take on the financial burden of running the camps and the Government has estimated the move will save the local taxpayer \$150 million in the next financial year.

The process will be implemented at a different pace in each of the closed camps but the San Yick factory building and the Cape Collinson centres would be the last to benefit from the full range of relaxed regulations.

The official said the geographical position of these two centres made it difficult for the refugees to be allowed out into the local community.

The Cape Collinson centre is situated in Little Sai Wan and access is through a correctional institution for young offenders, while the San Yick factory building is in the centre of an industrial estate in Tuen Mun.

It is intended to find alternative accommodation for the 617 refugees living in the Cape Collinson site and for 1,000 of the refugees who are held in San Yick.

But the official said there were logistical problems in relaxing the conditions in San Yick.

"It will not be possible to achieve full open centre status at San Yick," a Government spokesman said.

But the spokesman said the long term plan was to move all the refugees being housed in San Yick, Shamshuipo and Tuen Mun closed centres to a new open centre to be established by the UNHCR near Butterfly Beach in Tuen Mun.

Senior Security Branch officials said it was not intended to absorb the refugees into the local community.

"There is no question of hoisting local resettlement on the people of Hong Kong by stealth," the official said.

Separate medical and educational facilities would be provided for the refugees so residents living close to the centres would not experience any shortage of facilities.

It was hoped the refugees would find better opportunities for resettlement overseas once they had acquired work and social skills through integration in the local environment.

The former convenor of the Legislative Council adhoc group, Mrs Rita Fan Hsu Lai-tai, welcomed the move but stressed the importance of proceeding carefully.

"We should be aware of the feelings of the people living in the districts in which the camps are situated and the policy should be well-planned, gradual, systematic and properly mapped out," Mrs Fan said.

"The voluntary agencies and the UNHCR have always criticised our closed camps—now we look to them to show us how they can help in making the transition smooth and fruitful."

She said she had never believed the closed camp policy should continue indefinitely and now that word of the new policy had reached Vietnam it was unlikely the move for liberalisation would be misunderstood.

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